

DOER'S PROFILE

A thirst for accomplishment—



JANET L. NORWOOD

Commissioner, Bureau of Labor Statistics

"Good managers must reach out and take risks in order to improve the work done in government. At the Bureau of Labor Statistics, for example, we measure changing economic and social conditions. In a world of declining budgets, we must find ways to do more with the resources we have.

"Resistance to change characterizes any bureaucracy. Statistical agencies tend to resist changing their methods and data series. My job as the head of BLS is to challenge that resistance, raise new issues and continually seek more sophisticated approaches to our mission. I am proud of the changes we have brought about at BLS in using new technology to hold down costs, and in improving overall efficiency.

"Some of the mechanisms needed to get and retain talented people in government are in place, but much more needs to be done. We must stop denigrating the work of federal employees and encourage

our best young people to pursue careers in government. The inflexibility of our personnel structure—and the growing lack of competitiveness with the private sector at some grade levels—causes serious problems for effective management.

"Government managers should be held accountable for the work under their jurisdiction but they also should have greater flexibility in the handling of personnel resources to achieve efficient results.

"As for my personal life, I have an extremely supportive husband who also is an economist. I also am very proud of my two sons, their wives and my delight-

ful two-year-old granddaughter. We have a home on a lake in Liberty, Maine, where we go to soak up the quiet and to think and read."



MANAGEMENT

Vol. 5 No. 4

1986

How Scatters Critics

REFORM '88: *Blueprint for Managers Facing GRH?*



Personnel Chief
Constance Horner
and Budget Office's
Joseph Wright, Jr.

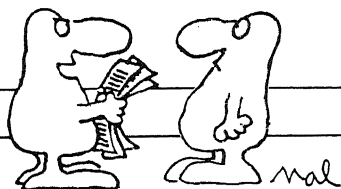




1992 Management: THE PACE QUICKENS

Four years ago, we embarked on a mission to improve government management and to make it more responsive to the needs of our constituency, the American public, through our Management Improvement Program—Reform '88. Now it is time to focus on the next phase—improving our delivery of goods and services to the public. I am establishing a government-wide program to improve productivity 20 percent by 1992. Each agency will be called upon to establish specific priorities for improvement of their services, to examine each of their functions and to achieve agency-wide productivity goals. Agencies will be asked to draw upon the creativity and ingenuity of all employees and to properly reward achievements in productivity improvement. This management approach is standard in the private sector and we plan to make it standard in the federal government.

R. Reagan



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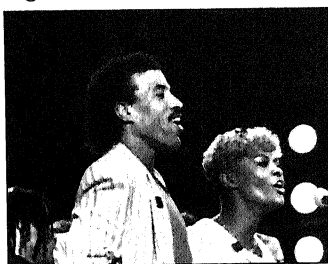
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Technical Audiences. Blue
Pencil Award from the
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CHANGING PATHS

Accountability, Authority and Reform '88

By David A. Turner, Editor

The tangible flow of authority in federal management is never more vivid than when suddenly blocked. Washington executives need power to fuel organizational initiatives, retrenchments, enforcements and, sadly, occasional excesses. And although our governance system ritualizes power shifts among agency leaders, the prescribed rules aren't fail-safe.

Worse, raw contention over succession in top management can generate opposing factions and policy agendas. When this occurs, even first-line supervisors witness blurring of command chains and weakening of their own authorities. To whom do they turn for direction as they pull their programs through political quicksands?

In executive agencies, power is dispensed to political and career leaders. Rank and authority are the ordained prerogatives of no one faction. So during severe conflicts managers may have difficulty discerning which individuals hold the more legitimate claims to authority. One clue involves the accountability of our leaders.

To paraphrase a Washington sage: stewards of proper authority are not known by the seductiveness of their message but in the source of power they elect to honor.

During a rollicking tough fight, one side might plea for support from the ranks. "This agency really belongs to its employees," says the hypothetical contender. "It belongs to those employees who have devoted their careers to the organization." This particular entreaty was hoary with appeal when whispered between priest/officials in pharaoh's court. And it is alluring today—a siren call to men and women who wonder if today's reforms needlessly unravel the fabric of morale in their circles.

In some nations, appeals for the support of internal factions is a strategy of pressing concern. Their public administration cultures form complete power bases. Managers are held accountable only to their peers and rule from central departments. *And their great ones exercise authority upon them.* Not yet in our government.

To many, the way our regime merely borrows authority from the enfranchised multitude must seem topsy-turvy. Yet this accountability to the electorate is pervasive in our civil service institution. Rightfully, Washington managers remain wary of the agency official who promises to follow their policy wishes if only they will stand in that person's cause during an ongoing power struggle. So generous an offer begs the question of accountability. For even our chief executive's authority has been borrowed and, most assuredly, he is not held accountable to us. Rather, through him we report to the citizenry. *And whosoever of you will be the chiefest, shall be servant of all.*

Changing the old path

This issue of **Management** focuses on Reform '88—a series of measures which help federal managers sustain that government machinery which will help each of us better serve the American people.

Our cover photo brings to your attention two architects of Reform '88: Constance Horner, formerly with Office of Management and Budget, and currently director of government personnel, and Joseph Wright, OMB's long-time deputy director. He's the

chap who has honchoed the renovation since it was a gleam in the President's baby blues.

Watching Wright and his first-term OMB team design new infrastructures to support federal management systems reminds me of a civic project in my hometown of Austin, 17 years ago.

Two distinguished citizens were advising the city on renovating and extending a stone path in old downtown. Mindful each decision would influence inner-city development, they redirected the path around an ancient patch of live oak, alongside the lake and through a minority neighborhood which critics declared "unsavory for use as a park trail."

But with blueprint in hand, city employees applied their best skills to the task. Talented engineers, landscapers and planners worked to enhance the basic design.

There's been plenty of glory to go around since the trail's completion. Newspaper photos picture young employees accepting promotions and awards for Austin's "model" hike-and-bike trail. Etched in my memory, however, are the determined faces of the two leaders who resculpted an old path—worn and thorned in controversy—into a community asset.

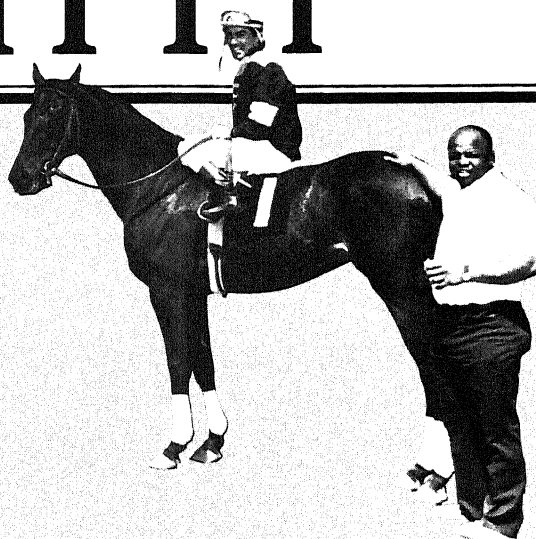
Horner and Wright are two such "sculptors." Responsible for Reform '88, their blueprint is off the drawing board, and by this time next year the entire project should be in the capable hands of federal managers. ■





NITTY GRITTY

Corralling GSA supplies. Former horse trainer **Earl Brittingham** learned to keep a tight rein on overhead expenses during his 15 years at the Charles Town race track. Today, he's applying his penny-pinching management style in an effort to **halt runaway procurement costs**. Brittingham, who started with **General Services Administration** (GSA) as a laborer in 1973, now heads GSA's "Excess Team." He visits agencies in the National Capital Region to ensure employees use excess stocks before saddling taxpayers with expensive new office furnishings. Brittingham recently set up GSA's **Customer Supply Center** in Washington. The store is part of a nationwide project to replace inefficient retail stores.



GSA Cost tamer
(and former race
horse trainer)
Earl Brittingham

Not off the press. Will American Management Association President **Thomas Horton's** upcoming book on heroic execs still include a profile of ex-Postmaster General **Paul Carlin**? The draft text lauds the spunky way Carlin turned an early '70s career setback into an opportunity to learn grunt level postal operations. His come-from-behind style should come in handy since Carlin was **removed from his job** earlier this year. "He sent down too many mixed signals on the need for contracting, reorganizing and possibly privatizing segments of USPS," says Reagan-appointee John Crutcher of the Postal Rate Commission.

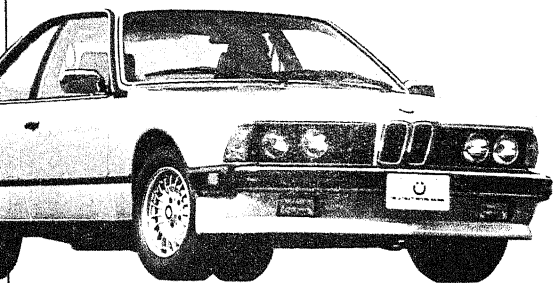


Homestead. Managers who are transferred to new duty stations can be hurt by mortgage rate variations. But many families are getting a financial "leg up" compliments of Uncle Sam. A recent **Comptroller General** decision allows an **agency to pick up the mortgage refinancing tab** when the expense is part of a "total financial package" essential to relocating the employee. For example, refinancing for a lower assumable interest rate helps the family sell its current house and provides down payment money needed for the new home.



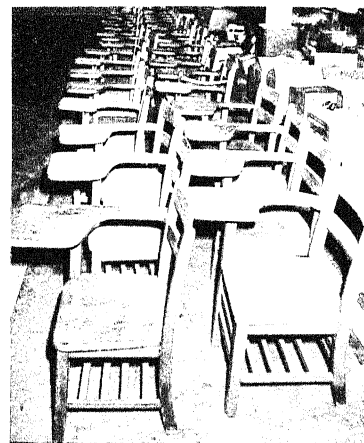
Texan trails runaway spending. State Senator **Cyndi Taylor Krier** tells **Management** legislators in Austin have created a **State Commission** patterned after the President's Private Sector Survey on Cost Controls (**Grace Commission**). "We want to be sure Texans get a good return on taxpayer investments," says Krier.





Attention fed-mart shoppers. GSA hosts regular sales, offering everything from boats and hospital beds to sleeping bags and 10-speed bikes. After offering the items gratis to agencies and state governments, GSA sells the leftovers to the public. **Cars are in greatest demand**, particularly the sporty models such as **Jaguars and BMWs**, which have been confiscated from lawbreakers. During fiscal 1985, GSA collected \$66.1 million from the "auction block" sales.

School daze. National Academy of Public Administration (NAPA) President **Ray Kline** believes "a lot of shoring up is needed at some of our schools (of public administration). I can't speak for all schools, but based on comments I have heard since coming to NAPA, **curriculums are in disarray** and not addressing today's public management problems—efficiency, effectiveness and just doing more with less." Kline made the comment during a **Public Employees Roundtable** conference.



Charles Wick, U.S. Information Agency Director, is taking giant steps to reward managers and employees who help the agency tell America's story to the world. Adding zip to his agency's incentive awards program is a fiscal 1986 **increase in the awards pool—from \$40,000 to \$240,000**. Managers also may give larger salary bonuses to their sustained superior performers.



OPM's David Martin

candals, Scoundrels and Saints. A new TV mini-series? No, it's the title of a conference hosted by Blair Childs of the Senior Executives Association. Office of Personnel Management's **Director of Government Ethics David Martin** told conference participants, "We examine what is going on behind the scenes at the top, where financial dealings sometimes clash with power and influence."

Educated? Brookings Institution's **Center for Public Policy Education** offers senior execs a two-week course on **policy-making in government**. Session leaders are drawn from the executive branch, Congress, academia, the media and private sector organizations. The course, open to senior executives and **"exceptional" GS-15s**, will be held in Williamsburg, Virginia (March 9-21, May 11-23).

Hugged your PD today? Fess up, says *In Search of Excellence* co-author **Tom Peters**, you've barely read your position description (PD). And don't bother, he adds, "There's no greater waste of time than the endless hours devoted to drafting and administering job descriptions." Peters believes **strong leadership and personal "contracts" between employees and bosses provide tighter controls**. "Those who rely on job descriptions favor paper over people," says the author.

Ear today, gone tomorrow. "Be kind to little people. Biggies can take care of themselves," advises Washington gossip **Diana McLellan** in her good-bye column for the *Washington Times*. Listing her **"Rules of the Gossip Game,"** McLellan says, "Understand that folks get mad at you if you write a mean item. However, there's an unwritten statute of limitations on how long they stay mad. A **lobbyist** stays mad for two weeks. A **journalist**: one month. **Cabinet member**: three months. **Career bureaucrat**: entire length of service. **Press secretary**: officially three weeks, with occasional recurrent blips of loathing lasting for up to four years, or until they hit the **Betty Ford Center**. "And when a press secretary says, 'The Secretary (or whoever) **laughed and laughed** at the very idea,' " warns McLellan, "the item is usually true."

Innovators Merit Rewards

By Constance Horner

A meritocracy made up of managers dedicated to innovation and top performance is emerging throughout government.

Guided by the federal sector's 102-year-old tradition of basing rewards on merit, these managers will carry the proud standard of our civil service system through the 1990s and into the next century. By emulating these leaders, all managers can strive to install agency programs which are more productive and less expensive to operate.

I believe the time is perfect for recruiting a cadre of goal-oriented federal managers from the ranks of government employees. We need determined and dedicated civil servants to implement the President's Management Improvement Program, Reform '88, which calls for government-wide changes in the ways our organizations manage people and operations. Top executives can recruit more leaders by recognizing superior achievers inside their organizations and backing employees who are attempting to implement Reform '88 initiatives.

As head of government's personnel agency, I have been charged with removing barriers which could discourage managers and other professionals from pushing for new-and-improved management systems. We must work together to address such challenges.

In the near future, I will be visiting the headquarters and regional offices of many federal agencies and professional employee associations. Your candid suggestions will help my agency and the administration improve government management. How can we help motivate managers who are willing to explore new, money-saving management systems?

Federal executives are uniquely positioned to boost the President's Reform '88 plan. Promotions, performance bonuses and merit payouts clearly should distinguish top performing managers from mediocre ones.

By rewarding those who implement money-saving ideas, executives nurture their most productive employees. The achievements of several such employees are featured in this special issue of **Management**. With additional support, more of the Reform '88 agenda can be achieved.

President Reagan's campaign to improve government management has set the stage for individual recognition and for significant bottom-line savings for America's taxpayers. Reform '88 is an opportunity for resourceful managers to shine and is a blueprint for building a top-notch management structure which will run at a no-frills cost to taxpayers. Let's encourage workers who are poised to join government's meritocracy and applaud the charter members who already are improving government management. ■

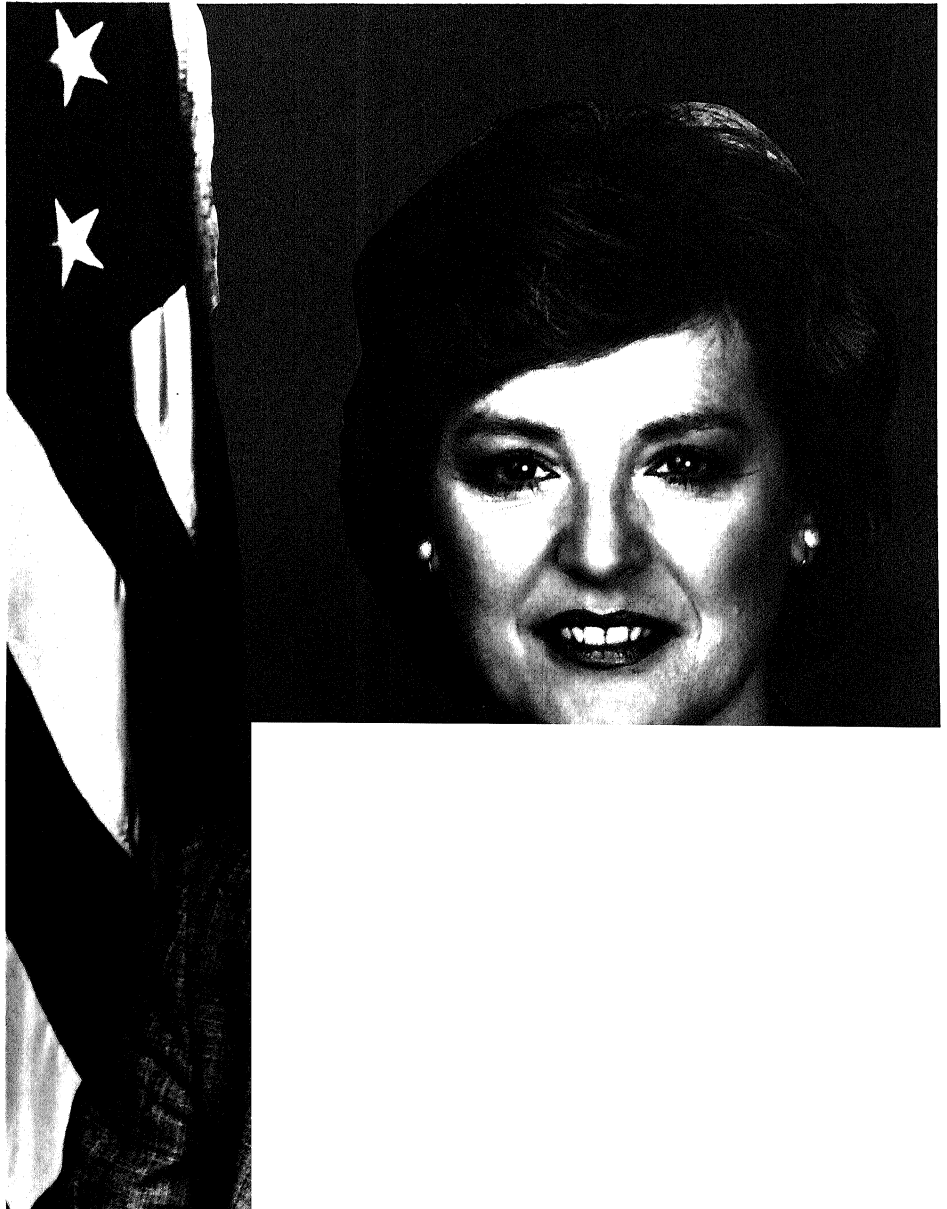


Photo by Michael Evans

COMMERCE AND AG CONSOLIDATE SERVICES

In 21st-century Washington, payroll/personnel systems will bear little resemblance to those used by today's federal employees. By 1995, Office of Management and Budget projects only a few, huge systems will be handling payroll/personnel record keeping functions for all government agencies. Consolidating current systems not only will save Uncle Sam millions of dollars annually, but bring state-of-the-art technology to personnelists throughout federal government. Officials at two agencies already are building one such model system. Commerce Department's Alan Balutis and Agriculture's John Franke invite **management** readers to take a peek at their innovative "cross-servicing" arrangement which they say could be adopted by executives elsewhere in government.

Merger

While considering ways to upgrade its own agency's payroll/personnel processing system, Commerce's Assistant Secretary for Administration Guy Bulow was attracted to the bold plans being developed at Agriculture's impressive National Finance Center (NFC).

At the time, the New Orleans-based NFC was handling payroll/personnel records for all of Agriculture's bureaus as well as some administrative payroll and accounting functions for the Department of Education and Merit Systems Protection Board. But there was competition. An Air Force facility in San Antonio has a long and successful history with multi-client personnel operations.

Ag's willingness to upgrade the personnel side of their payroll system took several ambitious technological steps forward clinched the deal in its minds," says John Golden, director of Commerce's Personnel office. "After we carefully examined alternative deals offered by Interior, Energy, NASA as well as the Air Force option." As of this year, Ag is

processing paychecks and personnel documents for Commerce's Bureau of Standards and other components. Agriculture charges Commerce approximately \$80.00 a year for each employee whose transactions are processed through the system. Two other Commerce components are scheduled to convert. In total, over 32,000 Commerce employees are expected to join 109,000 Agriculture employees already served by NFC, making the New Orleans-based facility the prototype integrated payroll/personnel system among civilian agencies.

The fact that the partnership will increase productivity while consolidating resources comes as no surprise to OMB officials responsible for Reform '88 programs. The cross-servicing arrangement carefully conforms to OMB's blueprint for managerial reform.

"Consolidation of payroll/personnel systems is a significant part of Reform '88," says Constance Horner, director of Office of Personnel Management. Until last year, Horner served as an associate director at OMB where she helped develop support for such consolidations. "OMB has used its management review and budget approval mechanism to cut back the overall number of payroll/personnel systems," says Horner. "The Ag/Commerce deal is based on efficient management objectives."

Efficient to the tune of saving Commerce and Ag an estimated \$500,000 in the current fiscal year and an additional \$1 million in fiscal 1987. "NFC's services are improving all the time," says Franke, USDA's assistant secretary for administration. "Our New Orleans-based team is working smarter and not increasing expenditures. In spite of expanded responsibilities, the Center has no more employees today than in 1978."

Future entry

One attractive feature of Agriculture's Finance Center is the direct

Both Wright and Horner believe service-delivery operations in today's federal departments are second-rate and probably slow the pace of office routines in Washington. But Horner also is concerned they carry a hidden, perhaps more onerous price tag.

"Each time a citizen encounters one of our unwieldy administrative systems, some federal manager catches the blame," she says. "These systems unfairly tarnish the reputation of our work force."

Viewed in its most basic format, the blueprint for Reform '88 matches Horner's "retrofit" characterization. It is an engineer's plan to fix government's 50-year-old plumbing. Adds OMB Director James Miller, "You couldn't run a company like this for six months without going bankrupt. I'm surprised our employees do as well as they do with our costly, antiquated systems."

Wright says the need for change is best seen from the average manager's viewpoint. "How often have you heard them complain their procurement, mail service or personnel practices are redundant... mindlessly expensive...outmoded? Why don't managers scrap them? The usual rejoinder is, 'It would be senseless, even risky for one person to challenge Congress and employee groups just to revamp a single bureau. The real problems lie deep inside these systems and across agency lines.' I think federal managers are correct on each of those counts."

Wright says the plan calls for:

- Stopping costly cash float practices which drain agencies' assets as well as initiating tighter credit checks on federal loan recipients;
- Examining the price tags on automated data processing, payroll and other operations, then closing down the clunkers and sharing the better systems after they've been streamlined and automated.

For example, today there are 332 separate accounting systems being used in government. Wright says the number will be reduced to one system per agency. D-day for completing the lion's share of such jobs is stated in the program's name—

January 1, 1988.

One of OMB's first tasks was to measure the efficiency and cost of existing admin systems to determine which should be phased out and which may be candidates for upgrading in the immediate future. Next, the Budget Office began exploring plans to build compatible systems which might be applied government-wide. Is there a need for management systems which could be applied government-wide?

Miller says there is. "Chief financial officials should be managing the taxpayers' cash, not just the Department of Transportation's cash. Agency personnelists should be examining and comparing their employment activities across the board, not just reviewing personnel performance inside one bureau of Agriculture."

Why should a manager who wants to streamline his shop sign onto one of the Reform '88 approaches? Says Wright, "If you're an executive trying to change things on your own, you many encounter problems selling the Hill on the need for expenditures associated with your plan. It's safe to say fiscal 1987 isn't exactly flush. And opposition usually mounts whenever you try to alter the way Washington is used to conducting business."

"On the other hand, if you've signed onto a broader team (and Reform '88 is the only game in town), you gain two things. First, access to better data and planning which help support your proposed new system. You'll be able to cite examples which have worked. Second, you can get some help with Congress from OPM, OMB and from organized Capitol Hill folks who have taken a strong interest in management improvement. A pro-reform network has emerged in this town, a coalition of politicos and career execs, insiders and new faces. They recognize it's costing us too much to do the government's business, and they can help you by influencing those—on the Hill and in agencies—who might prefer staying back in the 1930s and '40s."

"The faster this 'change coalition' snowballs, the better," he adds. According to Miller, too many routine agency procedures date back to FDR's era. "Washington has piled administrative systems atop systems, to the point where we're pay-

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A Controversy:

ORIGINS OF '88

Three years ago, when the Capitol Hill crowd was in a huff over our recommendations, I warned them I was just the crow flying before the storm," J. Peter Grace tells **Management**.

"Gramm-Rudman may well be that storm—and before all this is over, your readers will thank the fine experts who worked on the President's Private Sector Survey on Cost Controls (Grace Commission). They designed hundreds of measures federal managers can adopt when facing really harsh demands for cutbacks. Most important, their work paved the way for many of OMB's Reform '88 proposals."

Reform '88 is big news to Washington journalists as they scramble to view the first batch of changes cropping-up in the wake of Gramm-Rudman-Hollings (GRH). But according to Joseph Wright, Jr., deputy director of the Budget Office and the program's architect, today's reform plans had taken shape years before GRH—and the Grace Commission.

Who first, Grace or OMB?

"I recall one of your 1983 **Management** magazine covers pictured Peter Grace pinching a giant penny. Well, I believe the genesis of Reform '88—the President's Management Improvement Program—predates that cover and Mr. Grace's survey by two years. Of course, his ideas were welcome additions to OMB's effort. You could even say things got started as far back as 1980 when President Reagan said, 'It is not my intention to do away with government, it is rather to make it work.'"

Wright claims the reform agenda emerged as first-term Reaganites looked beyond their initial goal of capping agency spending habits (via OMB's budget process). "Those of us on the management side of OMB be-

came intrigued with proposals to make huge savings in out-years, by technologically upgrading admin systems or even merging the operations of several departments." A slightly different view of the OMB/Grace commission interplay is offered by another insider. "Originally, Dave Stockman planned to trim back here, there and everywhere, unleash the inspectors general to expose waste and—sometime in 1984—assess the overall impact on the federal juggernaut. Then along comes this Wall Street hot shot. Sure, Pete Grace talked cutbacks, but he and his MBA friends were startled by the antiquated mechanisms and procedures feds were using. They said as much to Reagan and, to a degree, bucked Stockman."

A quick comparison of OMB's Reform '88 objectives and the ones suggested by the Grace Commission show that the Budget Office's proposals stand on their own. Nevertheless, a chronological overview of the Grace reports reveals that in January 1983, his team was advancing a strategy to encourage some agency execs to reach for modernization measures.

"Looking back on it from OMB's viewpoint," admits Wright, "you could say the Stockman era posed a formidable challenge to executives who favored spending their way to better management. In Dave's shop, budgets drove every change initiative."

"However, management—the M part of OMB—emerged to form a linkage with the budget side at roughly the same time the President saw drafts of the fiscal 1983 budget. During that period, the President told his lieutenants he wanted the management end of the job done right—for the long haul."

Says the White House source, "Some of your readers may remember Reagan had conducted a similar

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REFORM '88 – SAVINGS THE GOLDEN RULE

By Tierney R. Bates

This winter Terence Golden, director of General Services Administration (GSA), launched several cost-saving initiatives linked to the President's Reform '88 campaign. The newest change—a revamped per diem system for travelers—promises savings which may rival those gained by GSA's highly successful Citicorp Diners Club credit card and other travel programs.

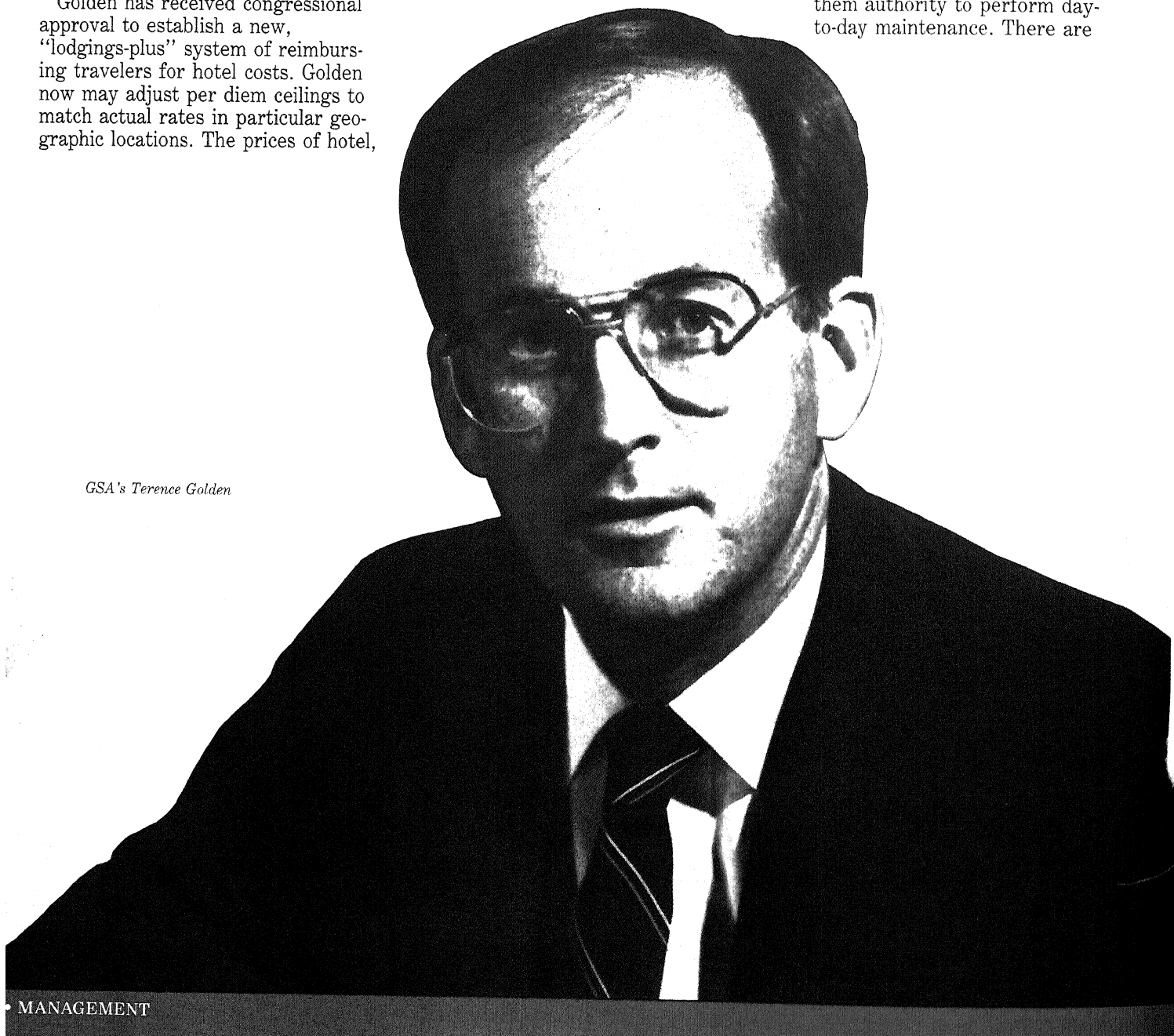
Golden has received congressional approval to establish a new, "lodgings-plus" system of reimbursing travelers for hotel costs. Golden now may adjust per diem ceilings to match actual rates in particular geographic locations. The prices of hotel,

food and other expenses will be surveyed annually and reflected in the new ceilings. Travelers will be reimbursed at real-world rates for taxi, stenographer and typist expenses. Meals and miscellaneous personal expenses, which are covered by flat-rate per diem amounts, will vary by location. The changes takes effect in June. Reduced paperwork requirements associated with the new program could save \$54 million.

Golden's other plans to curb government management costs include:

- Shifting much of the federal workforce from costly leased facilities to government-owned buildings, and from urban to more economical suburban locations.
- Offering department and agency heads a stake in the operation of their own buildings by giving them authority to perform day-to-day maintenance. There are

GSA's Terence Golden



3,700 facilities which are candidates for the shift during fiscal 1986. GSA will provide employee and financial support for the program.

- Replacing government's outmoded telecommunications system with FTS 2000, a digital system capable of handling voice, data and video transmissions. Golden predicts the phone system will be the most advanced in the world, producing annual savings of \$100 million. Government currently has a \$450 million telephone bill. The new system will be leased from and managed by a private company and will require no capital investment by agencies.

These cost-saving changes follow GSA's huge success with its program to provide credit cards to federal travelers. The card system is registering record-level savings and proving to be a model for managers engaged in other Reform '88 programs.

GSA TRAVEL CARD STILL A WINNER

Four years into an administration-backed push to improve the way government travel is managed, GSA is on a non-stop run toward saving \$200 million this year.

Managers now use commercial travel agents to arrange their airline, hotel and rental car reservations and are taking advantage of GSA's discount air fares. While the air fare reductions are generating the program's biggest savings, the program's most visible product is small enough to fit in your wallet.

Carmen's creditable cards

The Citicorp Diners Club credit card was initiated by former GSA chief Gerald Carmen and today is used by Vice President George Bush, Attorney General Edwin Meese, III, and 175,000 federal employees in 55 agencies. Golden predicts 500,000 executives will have cards by fiscal 1988. Administrative officials throughout government have endorsed the cards, which streamline traditional voucher processing mechanisms and take much of the hassle out of planning business travel.

"Our accounting people don't have to check for accuracy by matching each Government Transportation Request (GTR) with the corresponding airline bill," says Mike Higgins, a branch chief in the Internal Revenue Service's Finances Division. "Employees are billed by Citicorp Diners Club directly."



Reform '88 mentor Edwin Meese shows off his Diners card

The cards also motivate workers to submit—rather than stockpile—travel vouchers. “Travelers know the credit card bills are coming so they file their vouchers promptly in order to get reimbursed,” says William McDade, director of the Travel and Transportation Management Division at GSA’s Federal Supply Service. He tells **Management** agencies have been providing quick turnaround on travel vouchers.

Has GSA discouraged agencies with reputations for slow voucher reimbursements from switching to the Citicorp cards? “There have been cases where we’ve told an agency they’re not ready for the system,” says McDade.

Back in the planning stages, program officials took care to steer clear of one big criticism of the card. Early on, skeptics charged GSA’s plan to bill travelers directly was unfair. Late reimbursements to employees by agencies, they said, could hurt individuals’ credit ratings.

Through a unique arrangement with Citicorp, however, federal travelers aren’t charged late-payment or interest fees. This feature helped GSA sell the card to federal management.

25,000 restaurants and the firm says its 1986 campaign to continue that trend will be “very comprehensive.”

Travelers checks are another express-lane service offered to federal employees. “Providing advances in the form of checks, rather than cash, reduces the amount of cash agencies must keep on hand,” says McDade. There have been virtually no complaints regarding these checks, which are issued to travelers at face value with no additional service fees charged.

Travelers Charge Ahead

Agencies with 2,000-plus cardholders

Agriculture	38,780
Defense	31,540
Interior	18,830
Postal Service	11,370
Justice	8,260
Treasury	8,260
Transportation	8,020
Environmental Protection Agency	7,320
General Services Administration	5,400
Federal Deposit Insurance Corp.	5,160
Commerce	4,780
Veterans Administration	3,130
Labor	2,640
Federal Home Loan Bank Board	2,330
Small Business Administration	2,110
Health and Human Services	2,060

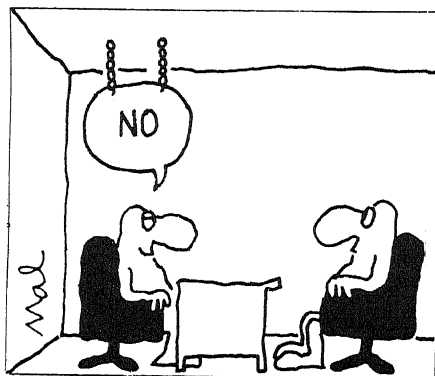
October 1985 data.

Not-so-secret agents

Federal travelers are taking advantage of another option—using commercial travel agents to make transportation, hotel and other reservations. “More than 50 percent of civilian travelers use commercial agencies to handle bookings,” says Terry Angelo, deputy director of GSA’s Travel and Transportation Management Division, “and I expect 65 percent will be using them by the middle of this year.”

Commercial agents also are quick to reduce government money tied up in unused or partially used airline tickets. “In the past,” says Angelo, “when tickets weren’t used, employees and financial officers faced cumbersome paperwork to get refunds. It could take years, literally.” Now employees can return unused tickets to their agents for quick credits to their Citicorp Diners Club accounts.

Management has heard complaints from travelers at Army Corps of Engineers and elsewhere that commercial agencies can be sluggish and phone calls sometimes go unanswered. McDade says GSA follows up on such complaints and believes these glitches will fade as the newer contractors, such as the one servicing the Corps, familiarize themselves with the government’s travel trade.



Some hitches

to bypass another roadblock—rejection of the card by low- to moderate-priced restaurants—Citicorp Diners Club sends reps to cities throughout the country to promote the card. Occasional complaints, however, still surface. Echoing the comments of many travelers, James Deemer, controller at the Federal Home Loan Bank Board, says, “Overall the card is very handy, but I have entered some restaurants which simply won’t accept it.” In the last years, Citicorp has recruited

Detouring fraud

In 1983, \$250 million was tied up in outstanding cash advances. “Some employees have perfected the art of getting the most personal gain from travel advances,” says McDade. “But finance managers at various agencies tell us the charge card is making a difference.” GSA Comptroller Ray Fontaine reports the card is definitely helping administrative officials tighten their grips on cash advances.

At Federal Home Loan headquarters, the tradition of allowing its 950 loan officers to maintain \$1,000 cash-advance balances (replenished after each trip) has been changed. “Since issuing credit cards,” says Deemer, “we gradually have reduced our advance allowance to \$350 and have recalled 65 percent of a standing \$450,000 travel debt.”

Marge Clark, assistant director for financial operations at Justice Department, reports a similar success story. “During fiscal 1984, our outstanding cash balance was reduced from \$2 million to \$900,000, due to increased use of the credit card.”

“Big-ticket” discount

Contracts with major airlines have cut the most expensive costs of travel—air fares. “No private organization can deliver our volume of business when it’s time to close a discount deal with a carrier,” says McDade. “Government discounts average nearly 50 percent of regular coach fares, and in some markets, 70 percent.” Twenty-six airlines under contract to GSA provide nation-wide transportation between 1,029 “city pairs” (routes covered by government discounts). Special fares and schedules are published monthly in GSA’s *Federal Travel Directory*.

Bargains at hotels and motels around the world also are available. Saving money on overnight accommodations makes it easier for travelers to stay within per diem allowances, not to mention out-of-pocket expenses. The 1986 *Federal Hotel/Motel Discount Directory* lists 5,700 lodgings in 1,910 cities. Almost 95 percent of these establishments honor Citicorp Diners Club cards. ■

REFORM '88 AND HORNER'S PERSONNEL TOUCH

Approximately \$100 billion of government's \$900 billion budget involves employee-related costs," says Office of Personnel Management Director Constance Horner. "So, improving the way government manages its personnel is an important topic on the Reform '88 agenda."

OPM's role in the White House campaign is to help personnelists evaluate how their agencies perform in four key areas: position management, staffing, performance management and position classification. A report-card approach has been adopted by Horner and is monitored by her agency's Associate Director for Compliance and Investigations George Woloshyn.

The *Personnel Management Indicators Report* measures agencies in categories targeted for improvement by Office of Management and Budget. Keeping close tabs on progress in these areas is the President's Council on Management Improvement (PCMI), which oversees all such reform measures.

"Like other parts of the Reform '88 plan," says Horner, "our *Report* challenges government supervisors

and managers to streamline their personnel operations and run more cost-efficient programs."

OPM's Agency Compliance and Evaluation Division, headed by Tony Ingrassia, compiles the statistics and ranks 22 federal departments and agencies. For the first time, OPM can provide personnelists with answers to basic management questions such as:

- How many employees are assigned to the typical agency supervisor? Treasury Department, for example, has approximately twice as many supervisors (per-100 employees) than has General Services Administration.
- How much do departments spend conducting routine personnel functions? The latest report shows that Veterans Administration spends less for personnel servicing (\$225 per employee) than do other agencies. Navy ranks second at \$343 per employee.

- How quickly can various personnel shops complete paperwork for a recent retiree? Less than three percent of the retirements handled by NASA are late. At Labor Department, on the other hand, 30 percent are late.

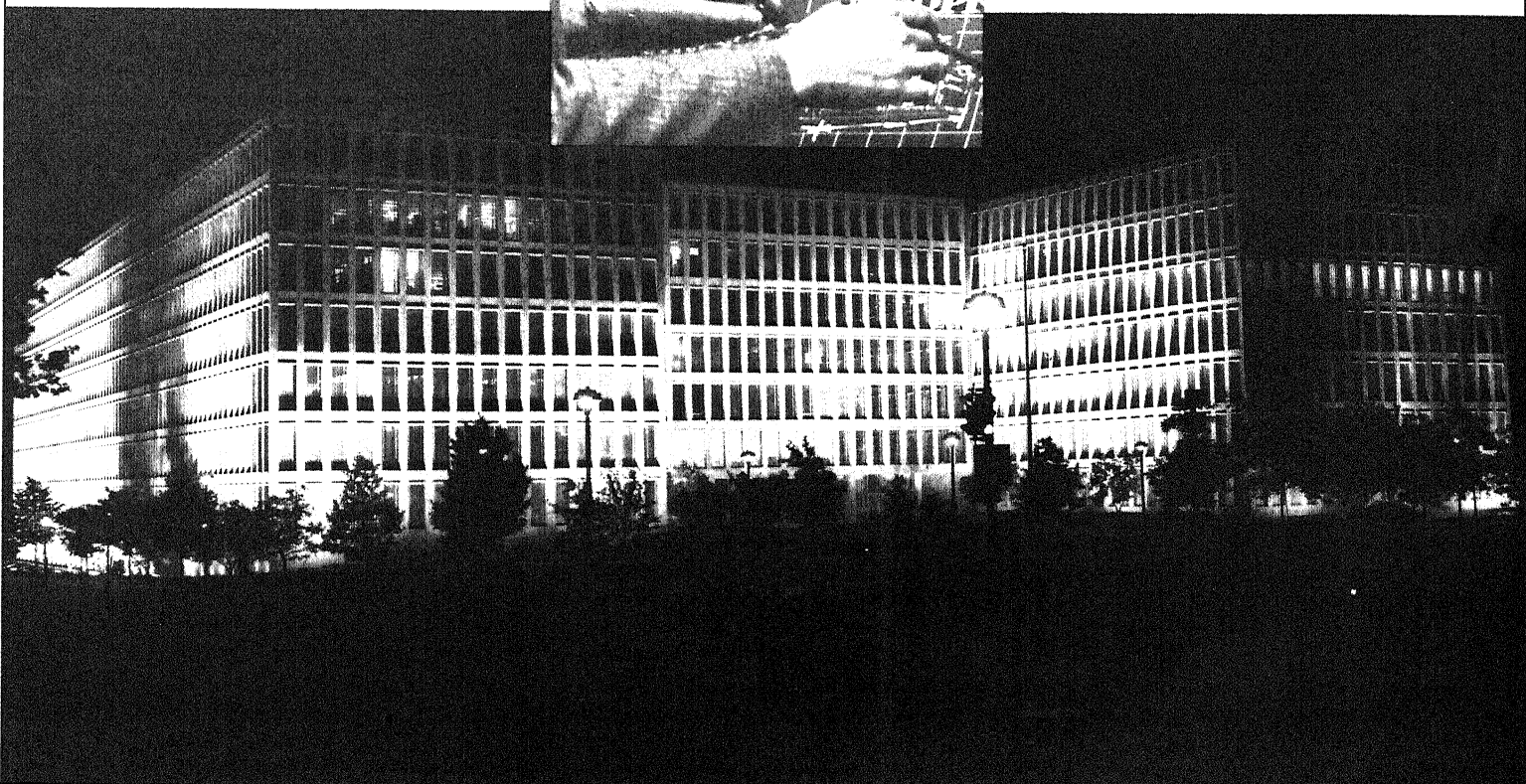
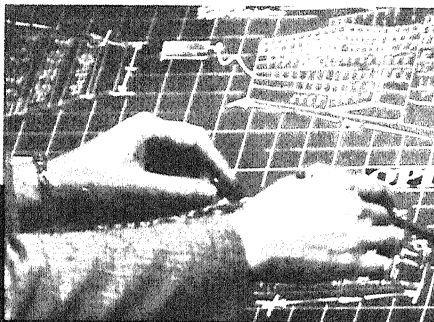
Battle of the bulge

Perhaps the most timely and challenging task being handled in the OPM and OMB campaign involves re-evaluating salary levels for thousands of positions which WWII-aged employees are expected to vacate during their generation's peak retirement years (between now and 1989). Many of these positions were upgraded as employees were promoted during the 1950s, '60s and '70s. But similar jobs in the private sector have been held to approximately the same salaries (adjusted for inflation) which government originally offered.

Downgrading such vacancies is a key OMB goal. The project is nicknamed "Battle of the Grade Bulge."

Agency personnelists are re-opening these positions at grade levels reachable to entry-level professionals and establishing suitable career-ladders

Please turn to pg. 23



Managing U.S. Personnel at United Nations

By Julia Stephens

Jeane Kirkpatrick and her successor at the U.N., Ambassador Vernon Walters, have developed a creative personnel management strategy at the U.S. Mission which has dramatically changed that office's operations and objectives.

"In just three years, we put together an extraordinarily effective team," says Ambassador Charles Lichenstein, Kirkpatrick's former Alternate U.S. Representative and currently Senior Fellow at Heritage Foundation. "Ninety percent of our U.N. staff are members of the Foreign Service and ten percent are political appointees."

Kirkpatrick's advice

Management asked Kirkpatrick what advice she might offer to Walters?

"Take an active interest not only in selection procedures used with the 10 percent Mission employees who are political appointees, but also become involved with the processes governing which Foreign Service Officers are to be rotated into and out of the U.N. Mission," she says.

"I also believe the management team should be organized along both functional and geographic lines. Recruit with an eye on each candidate's operations expertise on the one hand, and his or her language and area expertise on the other. Finally, have good communicators," says Kirk-

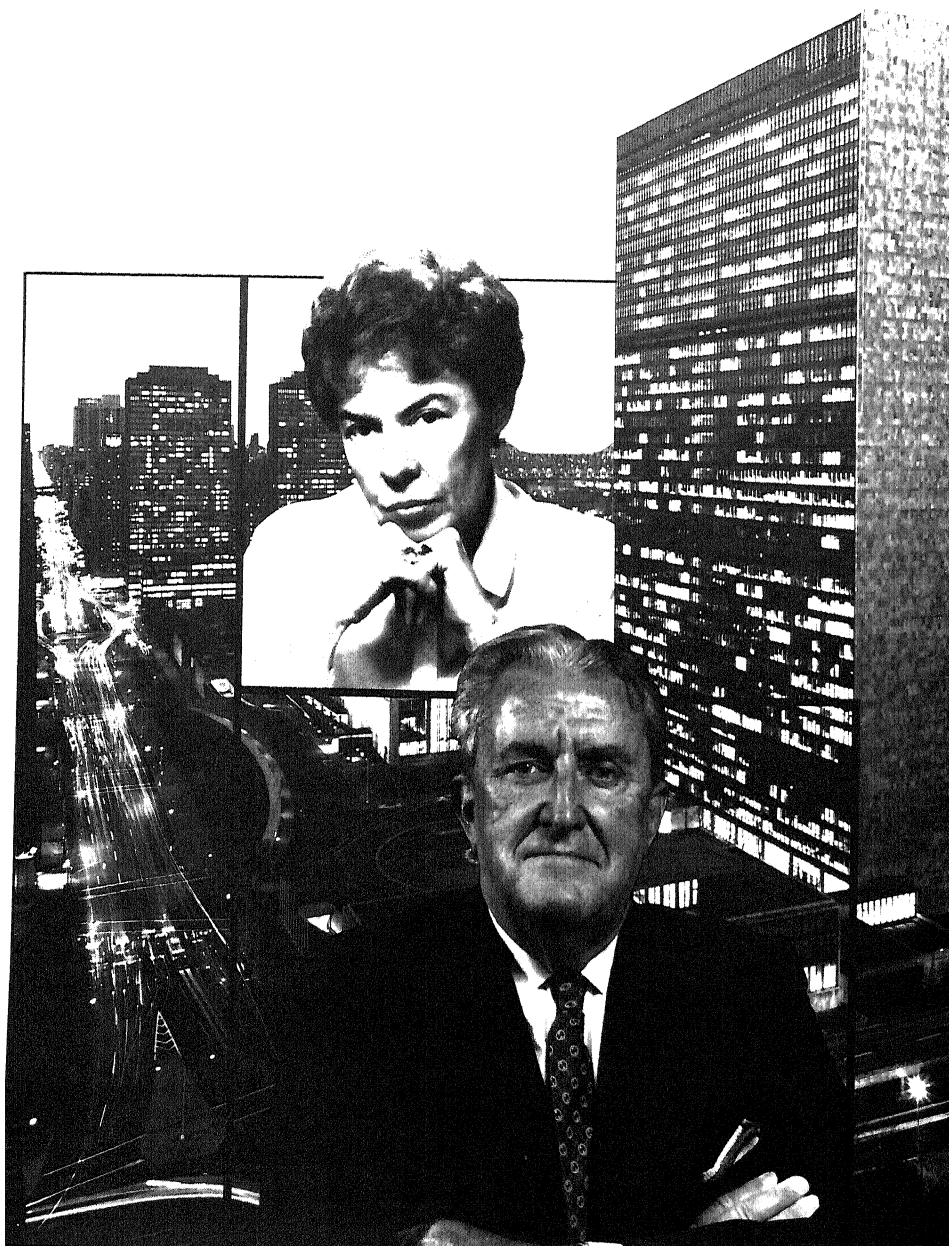
Drawing from his past experiences as a former military officer and diplomatic envoy, Walters encourages his personnel to become "inside" players.

"I've served as an interpreter for high-level people and have enjoyed a chance to see how they deal with each other, how they handle crises," Walters tells **Management**.

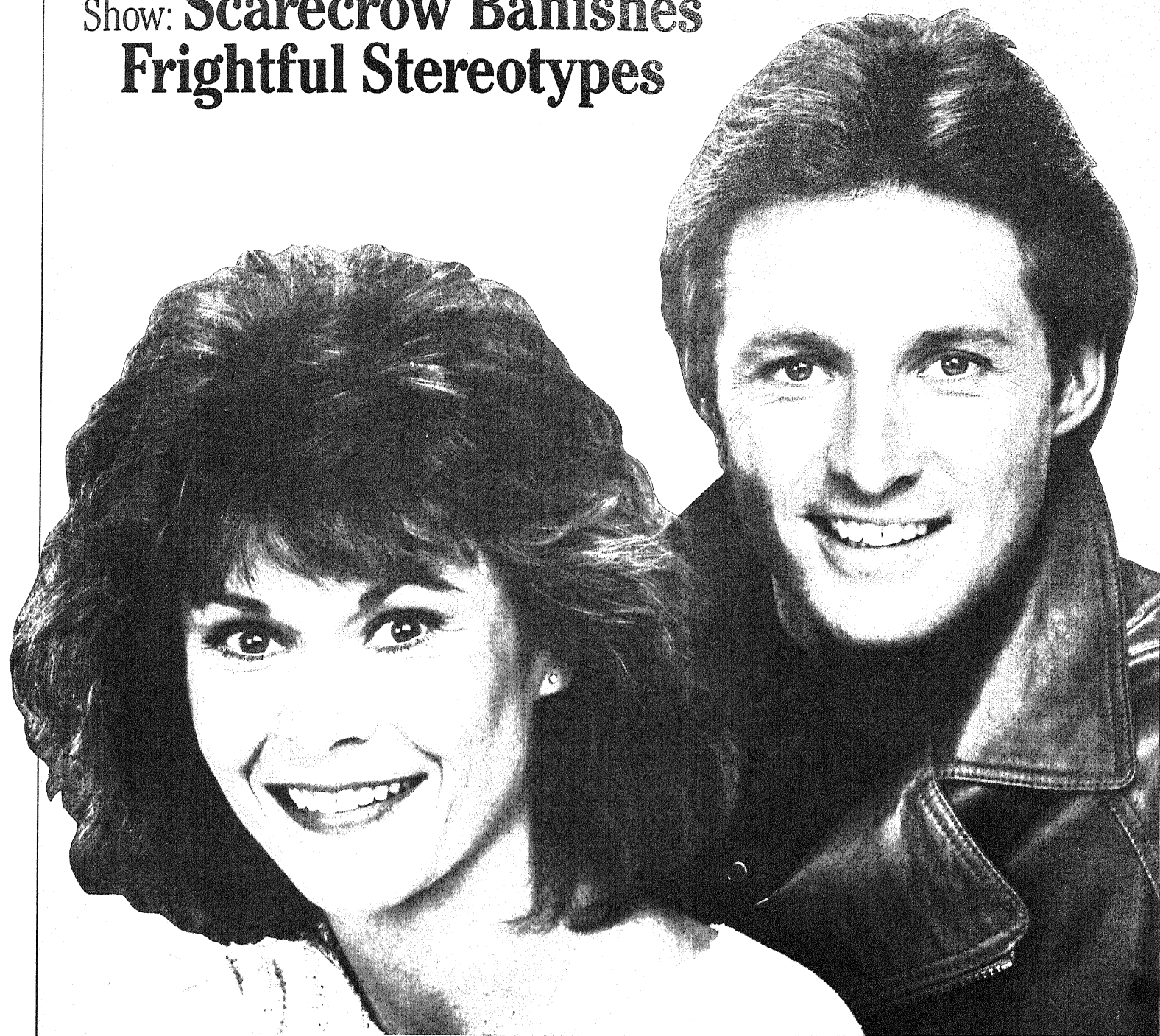
As a chief diplomatic troubleshooter at State, he has learned to speak eight languages and traveled an average 10,000 miles a week over the last four years. "It's all served as a lesson to me," says Walters, "and it is being reflected in

my personnel management style. I will be very tough on unjustified attacks against the U.S. There will be differences in style, but not in substantive positions because these are dictated by the foreign policy of the United States." ■

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Show: Scarecrow Banishes Frightful Stereotypes



Scarecrow and Mrs. King. (CBS Entertainment/Warner Bros.) In 1983, **Management** promised to contact television networks to complain "whenever federal workers have been unfairly portrayed on sitcoms." CBS publicity men in New York tell **Management** our editorial was forwarded to appropriate individuals "on the coast" where it lodged with a writing team working on a pilot to be called *Scarecrow and Mrs. King*.

"We took special notice of your complaint," says Bob Bielac, executive story editor for *Scarecrow*. TV's

stereotyping of government workers as lazy and surly gave way to a new image—the best feds have enjoyed since Efrem Zimbalist, Jr.'s *FBI*.

In the series, highly motivated federal employees labor in the ultra modern offices of a fictitious Washington agency—Federal Security Agency—which is tucked behind the facades of several Georgetown homes. In fact, FBI did maintain secret offices behind a row of shops along Georgetown's Wisconsin and M Streets as recently as 1974.

Two heroes, an agent (Bruce Box-

leitner, *TRON*) and a temporary from the agency's word-processing pool (Kate Jackson, *Charlie's Angels*), team up to fight greedy corporate types, over-ambitious congresspersons and Cuban spies.

Benign plots mirror styles found in most sitcom/adventure series, but characters reflect a substantial improvement over the unattractive, even villainous portrayals industry screenwriters typically inflict on us. Better still, the show's been a hit since 1984, and may last the '86 season. Thank you, Hollywood. ■ D.T.

Teacher Burn Out (Burned Up)

TEACHERS. (MGM/United Artists.) Directed by Arthur Hiller. Home Box Office through May 1986. During the '60s, tens of thousands of young idealists ignored the pleas of more outspoken revolutionaries and entered the "system" to reform public institutions "from within." Doomsayer radicals predicted participants were destined to be co-opted.

Twenty years later some of those young idealists now can be found in the business world nurturing dreams of entrepreneurial bonanzas. But inside America's schoolhouses and government offices, the best and brightest of the baby-boom generation quietly assess the impacts of their careers. What has come of their campaigns for better government, education and public services? Were the radicals right?

W.R. McKenney's blunt screenplay addresses these questions. He compels audiences to acknowledge that changing any bureaucracy in 1986 is no Mickey Mouse power game. Achieving non-violent reform requires the courage of mature men and women.

In **TEACHERS**, the social fabric of a public institution's work force is threatened when an attorney (JoBeth Williams, *Big Chill*) files suit against a high school's staff. Her client is a former student who graduated without learning basic reading skills. Williams hopes the suit will incite change at the school. The challenge sends tremors across tight "arrangements" which have been stretched across various factions within the staff. For years, administrators and teachers at the school have deferred to each others' interests, and educational services to students degenerated.

Reluctantly, the teacher protagonist (Nick Nolte, *Under Fire*) faces a per-

sonal dilemma in which his career and peer popularity conflict with professional ethics.

"Don't give me that Mr. Chips crap," screams the principal (Judd Hirsch, *Taxi*) when Nolte edges toward a tiny but growing network of reformers. "We will not tolerate this breakdown of teamwork," threatens Hirsch. Nolte suddenly encounters

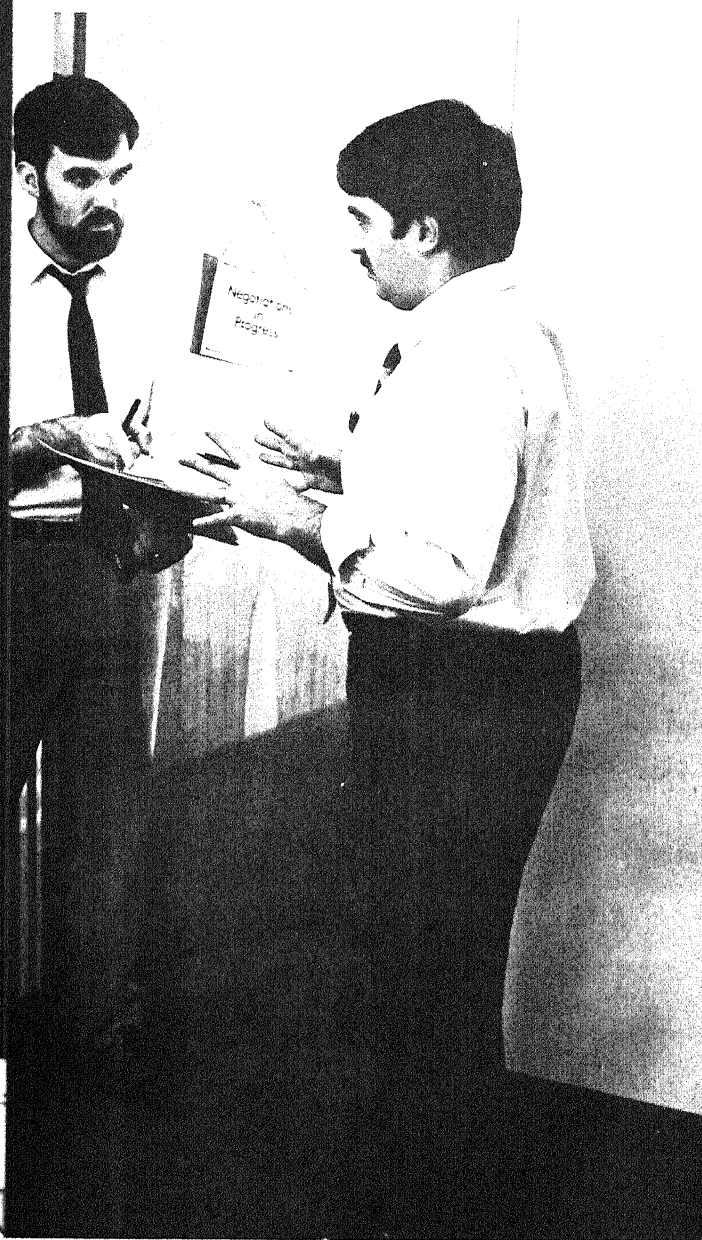
the dark side of his once friendly peer alliance. In the final scene, he confronts a grim panel determined to take his job. A union representative, school district administrator, teachers and the principal intend to make an example of Nolte. Speeches in the scene are worth a week's subscription to HBO. ■



MANAGERS' ROAD MAP

TEAMWORK

When Does Uncle Sam Pay Travel and Moving Costs?

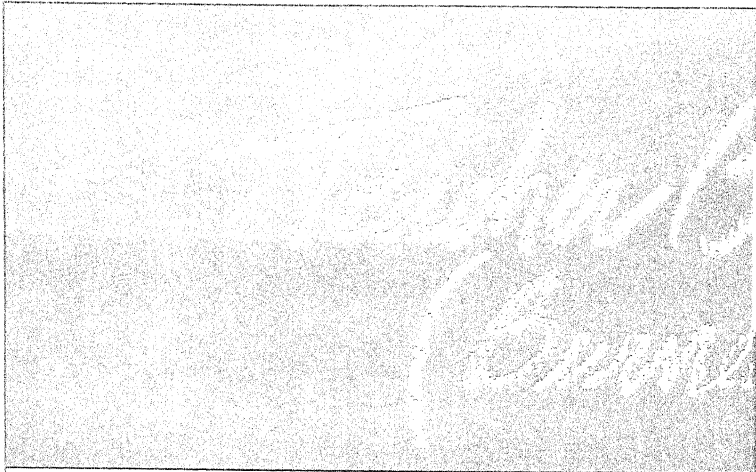


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Do "joint teams" provide an opportunity for union reps to gradually usurp management's decision-making



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Unions Away from the Table

SHIRT-SLEEVE TEAMWORK WITH UNIONS

Federal managers in two agencies are experimenting with productivity measures developed during "informal" meetings with union representatives.

"Call it constructive consultation" (OPM's term) or "cooperative management-union effort," (labor's preferred term). The experiment involves non-arbitrated and informal discussion between managers and union reps. Union spokespersons temporarily shelve their legal "rights" and work with management to improve the quality of work and reduce the numbers of grievances. In most instances, the sessions have led to experimental efforts which increase employee productivity. Anyone can suggest an idea, no agreement is binding and either side may walk out and take the issue to formal bargaining.

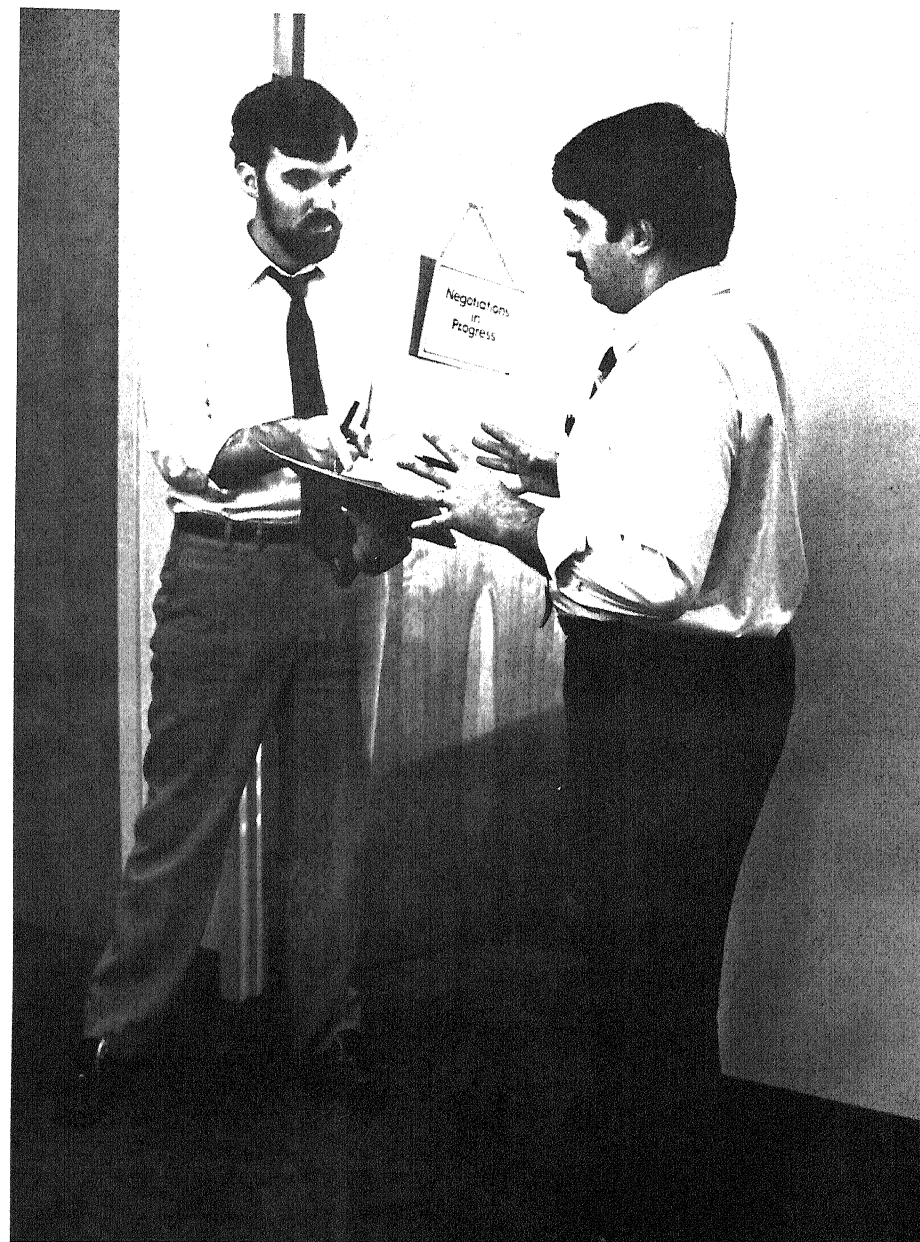
But when it works, the result is a management document summarizing areas of common agreement.

Management spotlights two federal agencies where constructive consultation is being tested.

Taking The Plunge: The IRS Experience

Representatives on both sides of the fence admit the history of consultations between Internal Revenue Service (IRS) management and the National Treasury Employees Union (NTEU) could be characterized as troublesome. In 1980, for example, IRS and NTEU were engaged in extended litigation. Their first contract had taken a full year to negotiate, and the next contract took even longer. The 1980 contract required third party involvement. Later, when management indicated it was preparing to initiate an incentive pay program, NTEU immediately filed an unfair labor practice claiming the union should have been consulted.

To work around potential hurdles in the 1982 contract, an executive task force recommended that management identify areas of mutual concern to



the agency and the union—at the national level—and develop an experiment for mutual problem resolution. Incentive pay at selected data processing centers was chosen for the pilot issue.

Paul Howland, IRS Labor Relations Chief, tells **Management** his group's cooperative effort differed from traditional labor relations. "Instead of worrying about negotiability and

management rights, we emphasized making incentive pay work. A joint team identified specific problems to be addressed. IRS benefited from NTEU's credibility with employees and its ideas for motivating them. Union reps and members had a vested interest in making incentive pay work."

Do "joint teams" provide an opportunity for union reps to gradually usurp management's decision-making

authority? "To date, we haven't found that to be true," replies Howland. "IRS needed to cut down on processing time and reduce the number and length of grievances. The union had ideas for improving employee efficiency and self-discipline which hadn't occurred to us. While union-management teams can make recommendations, management retains authority over final decisions."

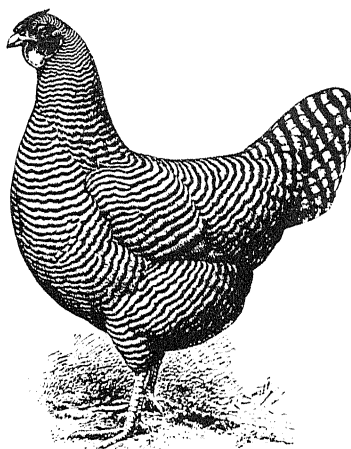
The IRS/NTEU team developed an incentive pay plan for data entry operators and conducted local training for management and union participants.

The incentive pay program has reduced operators' absenteeism and increased the amount of data—from tax returns and other paper documents—transcribed during the workday (a benefit for taxpayers awaiting refunds). And the number of grievances and unfair labor practices filed against the agency has declined significantly. Howland explains, "In the past, I only heard about most problems when copies of unfair labor practices landed on my desk. Now the union alerts me to the problems first and I often can resolve them informally."

IRS' 1984 contract negotiations took only six months, and Howland attributes this, at least in part, to the mutual trust established during the incentive pay project. The pilot program was so successful it's being extended to all 10 IRS service centers.

Making it work

Other agencies are tentatively exploring the teamwork approach in limited environments. A strategy designed to reduce the numbers of grievances and increase productivity is bound to appeal to cost-conscious managers. But Howland cautions other managers that cooperative effort cannot work in every situation. "Make sure any area you consider for a joint effort is one in which you share common goals. It won't work if the union has an inflexible agenda," he emphasizes. Other tips from IRS: Share only relevant information with unions, focus on problems and objectives, separate personalities from problems, discuss tasks to be performed and don't be afraid to consider the very best way of solving the problem—regardless of the shortcut.



Chicken Inspections "Cross the Road"

More heads are rolling as federal chicken inspectors speed up approval time and allow 70-95 chickens to be killed each minute—a 30-40 percent increase over the limit informally imposed several years ago.

In 1980, the inspectors' union, American Federation of Government Employees' (AFGE) Southern Council of Food Inspection Locals, and the U.S. Department of Agriculture's Food Safety and Inspection Service (FSIS) were deadlocked in regional and local negotiations. The Agriculture offices involved were located in Alabama, Florida, Mississippi, Puerto Rico, North Carolina, South Carolina, Kentucky, Tennessee and Georgia.

Top executives at Agriculture and the unions agreed to try the Federal Mediation and Conciliation Service's relations by objectives (RBO) system which offers a way to re-establish communications and achieve common goals. RBO had been used successfully in the private sector, but never in the federal government.

In an RBO system, each side lists its gripes, meets with a mediator (separately or together) and discusses ways of resolving complaints. Union and management identify common goals then plan specific actions, including who will do what and when. An RBO typically requires several days, is conducted away from the work site and can improve chronically stalled situations.

Ray Cantrell, FSIS program management officer for the Southeastern Region, tells **Management**, "Before RBO, the union challenged most management actions and seemed to delight in bypassing the

first-line supervisor and going to the fourth-level manager. Some individuals postured with excessive points-of-view instead of approaching problems with realistic solutions. The union threw up smoke screens and refused to tell us about real problems."

Union representatives felt management ignored nearly all grievances and resented management's failure to treat them as equals. FMCS mediators met separately with each side to hear complaints and goals—36 objectives were established. The union agreed to discourage frivolous grievances and management said it would give serious consideration to the remaining complaints. "As a result of our commitment to make the RBO work," says Cantrell, "we had 50 percent fewer grievances in 1981 than in 1980."

Meat and poultry inspectors have made significant improvements in their productivity. The new relationship between management and the union encouraged inspectors to speed up their work as much as 30-40 percent. The result of this brave experiment—more roosters.

Delmer Jones, president of AFGE's Southern Council of Food Inspection Locals (and now Chairman of the National Joint Council of Food Inspection Locals in the United States and overseas) says, "When we began RBO, we had approximately 400 grievances on the table. By the end of the RBO process, over 90 percent had been resolved. Even when we have disagreements, we mutually agree to disagree."

"Occasionally, we learn about management errors or other problems which could be embarrassing if publicized. In the past, we would have 'spilled the beans.' Now we keep sensitive problems in-house and cooperate with management to find realistic solutions."

The RBO has reduced sick and annual leave abuse. Leave-without-pay declined 30 to 40 percent in 1982.

The Office of Personnel Management's Employee, Labor and Agency Relations Branch monitors agencies' cooperatives efforts and can provide additional information to federal managers. ■

Ed McMahon, Ted Chaskelson, Howard Furman, Michael Morgan-Gaide, Michael Holland and Michael Altieri contributed to the article.

WORLDLY WAYS

Canadian club openings. Canada's new conservative government hopes "to resolve a serious problem of reduced turnover among senior officials," according to **Treasury Board President Robert de Cotret**. He is pushing a **voluntary early retirement program** to encourage 747 eligible senior execs and managers between the ages of 55 and 64 to leave public service. If 400 workers retire, as expected, Canada will **save \$15.6 million** annually because many vacancies will not be refilled. The eight-week retirement "window" ended December 31. Severance pay is capped at 78 weeks and corresponding years of service totals include stints in the Armed Forces and **Royal Canadian Mounted Police**.

China breaks away from Marxist ideology in recent moves which introduce a **merit raise system** for its 20 million civil servants. **Paying individuals according to performance** and job responsibilities is a switch from the egalitarianism and "seniority" measures promoted by **Mao Tse-tung**. Over \$1 billion has been appropriated to finance the new system.



Feds/rockers harmonize. Agency for International Development (AID) is helping the **Live Aid Foundation** and **Band Aid Trust** bring relief to African famine victims. Entertainers such as **Lionel Richie** and **Dionne Warwick** helped **raise over \$50 million** through concerts produced with assistance from AID's **Task Force on the African Famine** and Bureau of External Affairs. AID Administrator **Peter McPherson** said his agency and the "rocker" organizations are solving the food/supply transport problem by shipping 250 trucks to Ethiopia and Sudan.

Passage to cooling off. Civil servants ("babus") in **India** are upset about **Prime Minister Rajiv Gandhi's** decision to reduce their work week from six to five days. Workers say they dislike having to makeup lost time by coming in earlier and working later. *Washington Post*, however, says the babus oppose the policy because they **like spending Saturdays in cool offices** rather than sweltering bungalows.

Over 32,000 "**confidential advisors**" have been fired by **Mexico's government**, bringing the 1985 RIF total to 100,000 career and political workers. The 32,000 political appointees received three-months pay to carry them through job-search periods. "Government is taking this very seriously because the civil service work force (two million) has grown so much in the past several years," a Mexican Embassy spokesman tells **Management**. The spokesman says a freeze on wage increases and other cuts will reduce administrative waste, increase worker efficiency and reduce the deficit. "Expect more in fiscal 1986," he adds.

Ottowoman empires. Turkish women have captured over 5 percent of their nation's 157,000 managerial and personnelist positions without breaking social traditions, reports *Wall Street Journal*. Turkey's unique business/religious heritage differs from those in Arab Moslem nations. It allows women to compete in office environments. Islam's sexual taboos, however, forbid women from flaunting their femininity to get jobs—a moral code which also shields them from sexual harassment. "We're ahead of the West in those respects," claims sociologist Mubeccel Kiray.



Ms. Management



Dear Ms. Management,

I recently have been promoted to a first-level supervisory position within my office. The problem involves former peers whom I now supervise. These ladies continue to chum around with me at the office. Everytime I pull away from them I feel guilty. Several are friends. What's worse, I am getting nasty stares from a couple of men in top management. I suspect these guys weren't exactly thrilled when a woman was promoted into a supervisory slot. Am I setting myself up for any big problems? Should I ignore the sexists? I do want to prove I can do the job, but my friends might treat me like a scab if I artificially distance myself from them. Any advice?

Sitting Duck

Dear Cold Turkey,

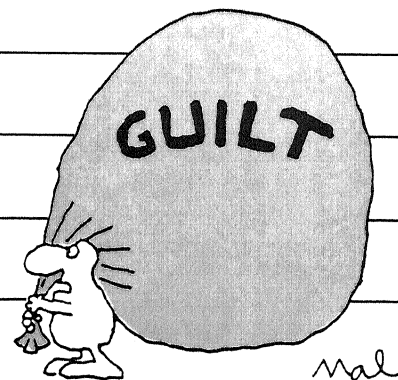
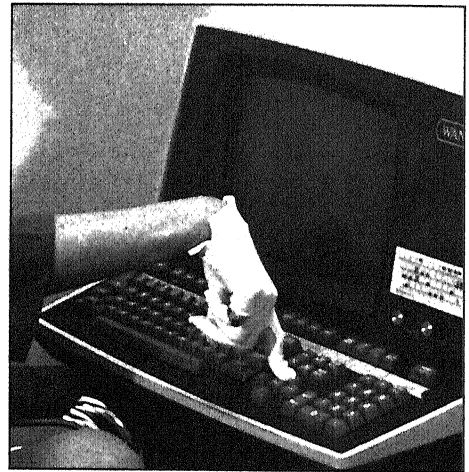
Welcome to management. You must now break out of your "labor" mentality and start thinking like a leader. Establishing a new mindset will automatically affect your relationships with your former co-workers.

We suppose that by your own standards you are going to have to be rather "cool," but pull away you must. Lunching with the old gang, for example, only compounds the problem and should stop. You always must be able to call upon your authority in order to manage your team and get the job done. One shouldn't strap on such authorities like a pair of six shooters, but your managerial competence may be judged someday on how and if you can lead during a special project or crisis.

During this transition period your co-workers must understand that you mean business. Ms. Management suggests once orders are given you leave little room for "laughing off" instructions. And don't invite idle complaints against your decisions. When you make assignments provide details, deadlines and, when appropriate, reasons why the tasks are necessary.

If the situation is allowed to continue, sooner or later one of your chums will take unfair advantage. As you point out, the front office is watching. If these ladies are truly your friends they will understand your new office attitude. But the ball is in your court. Failure to acknowledge so obvious a change in one's career situation is the biggest mistake a new manager can make.

Ms. Management



Dear Ms. Management,

I've got a problem on my turf—one which I hope doesn't take permanent root. One of my merit pay supervisors trails woefully behind the glowing performance appraisal his previous boss gave him (in order to lure some sucker into hiring the dud). Evaluation time has rolled around, and though I believe his performance deserves a "nobody's home" rating, I might slip in some little white lies to encourage another manager to hire him. Please prescribe a real-world strategy—other than the "more training" elixir.

Lemoned

Dear Citricade,

Ms. Management understands some managers would rather not write down negative judgments about subordinates—particularly when they want to squeeze a lemon into the shipping crate. Though we applaud polite strategies which syphon off all but one's acceptable performers, we must denounce manipulation of performance appraisals. Unfortunately, the practice does occur and tragically weakens the value of the performance evaluation process which is a tool OPM currently is bolstering in order to help supervisors increase work force productivity.

The down side of your strategy? Giving a peachy rating to an obvious lemon sends the wrong signals to your finer performers and has an obvious demoralizing effect. To the extent this juggling practice spreads, incompetents could be thrust into ever higher reaches of civil service—with negative consequences for the taxpayer and the long-term careers of us all.

Suggestions: First, stop being fooled by those passing along lemons. Ms. Management has become expert at spotting certain catchwords and phraseology attached to the certifiably citric. Crackerjack employes have their performances documented with specific examples of good work, whereas appraisals for the whitewashed lemons usually bear a jaundiced shade. The air-brushed appraisals never include tangible examples of employes' productivity.

Even though you're stuck there are measures to help rid your team of the employe. When a merit pay supervisor has been rated at the "unsatisfactory" level, agencies provide a period of time in which he can elevate his performance to a passing mark. Keep a stiff upper lip—if he is unable to achieve a level of satisfactory performance you may remove him from office or demote him.

Dear Ms. Management,

One of my employes frequently refuses to carry out minor tasks because the particular duties are not listed in his position description. Surely, it isn't necessary for me to list all aspects of our operation on job descriptions!

Dally to Tally

Dear Cadastralred,

Goodness no. As supervisor you have full authority to assign duties to your employes as you see fit, within the scope of your operation. And Ms. Management discourages attempts to set forth, in print, every minor duty an employe may be expected to perform. His position description is adequate if it includes principal duties, responsibilities and supervisory relationships. Should your employe tarry or refuse to carry out an assigned duty he may be committing insubordination and be subject to disciplinary action.

However, we suspect such measures wouldn't address the root of your problem. Your balker appears to be suffering from a human condition Ms. Management calls "silver-stars/holy-cards complex."

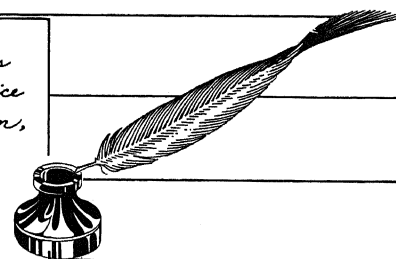
From grade-school days, we recall the sheer delight each classmate enjoyed when, after cleaning chalkboard erasers or assisting with education's more mundane tasks, the student received a home-made and somewhat overdone holy card or had a tiny silver, perhaps golden, star glued beside his or her name on a "duty roster" hanging under President Eisenhower's portrait. (Of course, these treats didn't alter a student's marks.)

Most individuals naturally crave acknowledgements for expended efforts—even for minor chores. Sit down and reason with your employe. First, correct his misimpression regarding job descriptions. Then discuss appropriate ways you might acknowledge helpful conduct.

Ms. Management welcomes inquiries regarding office performance, supervision, and related topics. Please forward your questions to me at the:

*Office of Public Affairs
Room 5F12
Washington D.C. 20415*

*Cordially,
M.M.*



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Book Review

Island Natives Fish for Power

Floating Island: A Tale of Washington. Garrett Epps. (Houghton Mifflin, 286 pages.) Harvard graduate and *Washington Post* veteran Garrett Epps has written an insightful and very funny novel about the federal establishment. He obviously knows the subject well and writes good satire on federal management without rancor or bitterness.

Epps' Washington is a marketplace as much as the New York Stock Exchange or the Chicago Board of Trade. The difference is that the commodity is peoples' reputations, rather than stock certificates or hog bellies, and the medium of exchange is power, not money. Those who think otherwise fail to understand how Washington works and will not find success here.

Epps' bureaucratic marketplace is something called the Division of Evaluation, Training and Morale, benignly (and absently) headed by an assistant secretary who lives a boyhood ambition to visit all 50 states, and Guam. His deputy, who subsists largely on guava yogurt, is fighting a long, losing battle over travel voucher control with her career subordinate, a "Director of Difficult Decisions" (administrative officer). This career manager, actually runs the agency, to his own ends. The whole bureaucratic menagerie receives oversight from a subcommittee chairman (until he's set up in a sting operation) whose two goals are to make his bright, young staff grovel and to drink as many free martinis as possible.

Never mind that *Floating Island* is unfair and takes cheap shots at hal-lowed bureaucratic stereotypes, or that equally scathing attacks could be directed at the private sector. Satire's not fair. Epps' satire makes us laugh about things which would make us mad if we thought about them, teaches us some well deserved humility and explains the meaning of the word "fungibility." ■

Review by Thomas Kiefer



Passion Plays

Passion For Excellence. Tom Peters and Nancy Austin. (Random House, 437 pages.) Trendy office administration systems, schemes and structures promoted during the last quarter century have sidetracked management's main objectives, say authors Peters and Austin. "The basics got lost. Managers got tied up in techniques, devices and programs, and forgot about products and people who consume them."

Passion for Excellence calls for a rapid return to the basics—pride in one's organization and enthusiasm for its work. Though the authors fail to provide the numbers of federal case studies which had been promised in the book's pre-publication hype, they do focus on cleaning up bureaucratic junk. "Overstaffed middle management, those layers of staff," write Peters and Austin, "get in the way. Worst of all are the layers of intelligent staff who ask questions which keep employees tied up for days—

nothing gets done."

How about a radical new cure? They contend leaner staffs in flat organizations—devoid of middle management specialists—will breed creativity among the rank-and-file, result in better staff work and provide simple and fast decision-making. Although these major transformations must be implemented from the top down, Peters argues that even a first-line supervisor can create a "pocket of excellence" on her or his own turf. "If you're a first-level supervisor don't get swallowed up in all the paperwork from headquarters." If a manager concentrates on the people in her or his unit, superior constituent service and constant innovation will follow. Are there risks? "People with the best departments are seldom fired for lousy paperwork—and they feel better about serving customers, innovating and building on the creative potential of each person in an organization." ■

Review by Mary Ann Maloney

Book Review



Mid-Managers' Survival Guide

Office Warfare: Strategies for Getting Ahead in the Aggressive 80s. Marilyn Moats Kennedy. (Macmillan, 267 pages.) A more aggressive, service-oriented type of professional has entered management ranks, warns author and career specialist Marilyn Kennedy, and the new cadre is competing for a diminishing number of plum jobs.

Many mid-level types advanced their careers in earlier days of go-along/get-along rules, she points out, and for whatever reasons, choose not to sign on with today's movers and shakers. Nevertheless, they must "play hardball in order to survive," she predicts. "Politics in federal bat-

tlefields are approximately 10 percent more vicious," warns Kennedy. "And with implied job security... you will have to be tortured out."

Kennedy's book speaks to middle managers who are determined to defend the status quo in their organizations. It offers methods for deflecting managerial reforms which might threaten established turf. *Warfare's* "tools" for survival, however, turn out to be platitudes. They range from *pick your fights carefully*—you've only got a limited amount of goodwill built up with co-workers, to *don't make waves*—the wants of every member of your network mustn't be rattled. Kennedy guarantees career success to those who doggedly maintain low profiles, devoid of management risk-taking. In truth, what mid-level managers need is a less Byzantine

scheme than Kennedy's, and one which encourages mid-level administrators to become top-level leaders in tomorrow's managerial culture. ■
Review by Mary Ann Maloney



Cont. from pg. 9

reform campaign involving state government systems back in California. He had a track record with this approach. His Sacramento initiative also seemed to 'emerge' in the wake of a so-called controversial study led by private-sector whiz kids."

In any case, one or two clear-cut successes with pilot projects in the management program encouraged Stockman, Commerce Department executives Malcolm Baldrige and Arlene Triplett, Edwin Meese, then-Treasury Secretary Donald Regan and Wright to hammer out a plan for the President. "In a big way," says Wright, "he bought into the concepts of consolidating services and introducing a degree of generic compatibility into our administrative systems—if they would save taxpayer monies. That's when we began thinking about huge operations capable of carrying government services into the 21st century. It also was the baptism of Reform '88 which is, beyond a doubt, the largest management reform effort ever conducted," a conclusion with which Peter Grace concurs entirely. D.T. ■

Cont. from pg. 13

for these employees.

"Promotions have become too routine in some types of jobs," says Horner. "Management can fight this 'grade-creep' tendency by setting aside personal wishes and looking at office structures from a broader perspective."

Teamwork

OPM's *Report* reviews departments' progress in battling the "bulge" along with their progress in other targeted areas. Copies are presented to OMB Director James Miller, the secretaries and administrative chiefs of each department, and members of PCMI. To compile the report, Horner's office has assigned "agency beats" to Ingrassia's analysts and each of these experts is familiar with current hiring needs and personnel practices at those departments. The analysts work hand-in-glove with the appropriate budget analysts at OMB.

Horner's experience as an associate director at the Budget Office has helped grease the skids for this remarkable collaboration. Both OPM and OMB analysts work with top per-

sonnelists from each department to identify encouraging trends or potential problem areas. Changes are registered in the next issue of the *Report*.

Says one analyst, "Of course, Budget Office still controls purse strings to the personnel-dollars and employee ceiling levels allowed various agencies. But by working with OMB, our cooperative, team approach already has produced a leveling off of some problem trends."

The report also keeps tabs on the distribution of senior executive slots throughout government, the number of salary decreases dealt federal employees, the average number of sick-leave days used by employees in each agency, the typical salary an agency uses to attract new employees from "the outside" and the amount of overtime being paid to employees.

Says Horner, "We've provided agency executives with the same types of management profiles used by this nation's most progressive corporations and public institutions. I look forward to working with these officials in this significantly improved managerial environment." ■

Cont. from pg. 9

ing for gilded services but accepting rusted products."

Miller, Horner and Wright acknowledge improvements were made by the Hoover and Rockefeller Commissions. "Their work was good news for management," notes Miller, "but they surfaced more problems than they resolved. The bad news has been that, to this day, thousands of managers are asked to 'make do' with procedures thrown together in the 1930s and patched-over with the incremental tinkering of three generations."

Change agents

Who's in the trenches carrying out Reform '88? It appears the bulk of the jobs are being tackled by financial officers and mid-level executives who are accustomed to handling data processing, procurements, building services, accounting and personnel functions.

"The individuals who complete these tasks will emerge as the executives of the federal system in the 1990s," says Miller, "because the changes they design and install will comprise the sinew and structure of U.S. agencies into the 21st century."

Says Wright, "I've been very encouraged about the motivated individuals we've encountered during the management and budget process. These administrators are making Reform '88 both a vehicle for implementing improvements and a means in which will carry their work forward. It is a major effort of the Reagan White House to direct hundreds of agency ad-

the Reform '88 network."

War council

"President Reagan doesn't subscribe to the belief that deteriorating administrative systems are 'good enough for government workers,'" says Bledsoe. "And most career federal managers do not believe this either. A blueprint to revamp all such systems has been placed on the table by the President's Council on Management Improvement (PCMI).

"The Budget Office, OPM and GSA figure prominently on the Council, but that body brings together representatives from Treasury and 20 of government's largest agencies," he adds. Key players from the beginning have included Donald Regan and Edwin Meese.

According to Council member Kay Bulow, this group is the driving force behind Reform '88. Bulow, Commerce Department's assistant secretary for administration, tells **Management**, "We're now in the process of reaching out to interested federal executives. As part of this campaign, PCMI recently published three volumes of success stories from pilot programs throughout the country."

Over the next 14 months, administrative directors, assistant secretaries and deputy directors in Departments will continue "accepting bids" from managers in their own buildings to carry out projects available in the Reform '88 package.

What's available for managers?

Specifically, what changes are slated for managers under Reform '88? The first opportunities are made available to managers focused on controls and management innovations. Concern for the innovation with handling Uncle Sam's systems they create generally is the 'time value' of

had only minimal debt- aggressive," adds departments with ios (Housing and at, Veterans Administration, Small Busi-

ness Administration and Agriculture) are enjoying upgraded debt-collection services from automated facilities and commercial credit bureaus. Some of these operations are shared by several agencies and commissions." More aggressive debt collections by agencies and new legislation which enables government to make more timely deposits, thus gain greater interest savings, will achieve an additional \$1.6 billion in interest savings each year.

There also have been problems in the area of federal payouts and the Council has moved to tighten government's lending guidelines through legislation. "As for the employee travel procedures once used in government," adds Wright, "they resembled glorified pockets of cash." (For an update on travel reforms, please see article on page 10.)

But the biggest opportunities for reforming administrative systems involve program consolidations. And the most successful consolidations to date have been scored when payroll/personnel outfits of separate offices are combined. As recently as 1981, government had 150 different systems performing the same, exact tasks. "It was out of control and getting worse," says Wright. "Government managers and the PCMI reversed the trend. There will be only 12 huge integrated payroll/personnel systems by the end of this decade. The number already is down to 99." (Please see payroll consolidation article on page 8.)

Note: This issue of Management focuses only on those parts of Reform '88 involving internal government management procedures. Both Miller and Wright, however, point out that successive phases of the President's reform package call for streamlining many of the "external" service/delivery procedures agencies use when dealing with public constituencies. This addition to Reform '88 is intended to boost federal productivity. A broad range of federal managers—many representing program offices—is being recruited to implement these phase-two initiatives.

Co-ops cross agency lines

Common services shared by agencies which have pooled personnel and equipment are provided by shops

Please turn to pg. 26

Kudos, Comments to Top Fed Mag

Hearty congratulations on the selection of **Management** magazine for the 'Blue Pencil.' The success in having the publication evaluated as the best government magazine (technical, four-color category) must be very gratifying to you and obviously a source of pleasure to those of us who have appeared in print on your pages. Keep up the good work. I will be watching for your next issue even if there is no Macy piece in it.

*John Macy
Former Chairman
Civil Service Commission*

Congratulations on **Management** being named recipient of the coveted 'Blue Pencil' award. I wish you and your magazine continued success.

*Honorable Phil Gramm
United States Senate
Texas*

I wanted to take this opportunity to let you know how delighted I was to learn **Management** magazine has been awarded the 'Blue Pencil' award. I am an avid reader and am so pleased the achievements of the magazine have been duly recognized. The staff is doing a tremendous job and are to be commended. Congratulations and best wishes for continued success.

*Honorable Paula Hawkins
United States Senate
Florida*

The 'Blue Pencil' award is a credit to the **Management** staff and the top notch job they have done.

*George Bush
Vice President*

OPM's **Management** magazine has won the 'Blue Pencil.' The award selected the magazine for top honors from among scores of other slicks published by various arms of the government. In the past the magazine has been blasted by two Senators. And one weekly newspaper devoted a full page editorial in 1983 to roast the magazine.

Federal Personnel Guide

My congratulations on your amply deserved award. I am delighted and greatly honored to have appeared in your magazine. Altogether my thanks and best wishes.

Peter F. Drucker

Management magazine, a quarterly for federal supervisors and managers, has been named recipient of the National Association of Government Communicators' 'Blue Pencil' award recognizing achievement in public and employee relations publishing. The magazine has been the point of the Reagan administration's spear for reforming civil service.

*Rita McWilliams
Washington Times*

I'm thoroughly delighted with this gung-ho writing style and editorial approach. OPM's magazine is capturing entirely new audiences for the (public administration) issue: Washington's federal yuppies, military managers, women supervisors—anyone interested in front-office affairs. It's innovative and it works.

*David Pacholczyk
Reader's Digest*

called Cooperative Administrative Support Units (CASU). Twenty-six types of administrative services may be considered for cooperative-unit management.

The potential savings offered by the CASU approach have been estimated at \$14 to \$35 million annually.

"Cross-servicing not only eliminates excess systems, floor space and duplicative operations," says PCMI member Bulow, "it improves productivity. The Council is aiming for a 21 percent increase in support-services productivity over the next seven years. General Accounting Office estimates each 1 percent increase—government-wide—saves \$1 billion.

"Commerce, for example, has consolidated all its field administrative staff into four regional support centers, trimming 25 percent off our annual costs. Fears of massive RIFs eased when only four of the Department's 1,100 employees involved were separated," says Bulow.

In a recent survey, officials from different agencies housed in the Russell and Marietta Tower buildings in Atlanta, endorsed plans to share conference rooms, supply rooms and employee health units. Feasibility studies and cost analyses are underway. Similar responses have been registered by managers in Army Corps of Engineers, Department of Labor, OPM and Housing and Urban Development facilities across the country.

George Rudy is Atlanta's regional director for Health and Human Services and director of his Federal Executive Board's Facilities and Management Committee.

agencies go into these sessions to explore possibilities. If the groups see the co-op program as fair and beneficial, they cooperate."

Jobs such as mail services and small procurements immediately lend themselves to cross-servicing. More complex areas such as accounting are addressed in carefully detailed feasi-

bility reviews.

"Federal managers who have been hit by staff cutbacks tend to go for the CASU approach," he notes. "Instead of living with service cut-backs, these managers can utilize the pooled delivery systems."

To recruit field support for more co-ops nationally, the Reform '88 Council has tapped GSA's Frank Sabatini to serve in an "ambassadorial" role. He has logged thousands of miles in recent months. In his presentations, Sabatini describes benefits associated with the CASU strategy. "Co-ops provide smaller agencies with services which, on their own, they couldn't afford," he points out. Over 80 percent of small federal agencies have eliminated at least one administrative service and signed onto a less costly operation elsewhere.

Of course, rule-by-committee is an inevitable part of a co-op. Every CASU has a Tenant Board of Directors which reviews progress and attempts to resolve disputes. "But, the glue in these deals," says Sabatini, "is the volunteer lead agency. It is responsible for delivering services and collecting payments from participating agencies. And the lead agency's point man plays a pivotal role."

Co-op heroes

"A mid-level guy willing to take risks and not lean on the book is needed to honcho CASU proposals," says Dan Walton, GSA's regional director of Seattle's Customer Service Bureau. "Look for someone who is open minded and can think beyond 'the government way.' That's the type of person who these projects are riding on in the future."

OMB's managerial
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"I have 25 regional administrators in our Jackson Building where six administrative support functions are candidates for co-op," says Walton. The real energy needed to pull it off must come from these local leaders. The initiative doesn't stand a chance without their support."

One co-op approach which Jack-

son Building managers did not buy involved centralized word processing. "Feasibility studies indicated there was no support for it," says Walton. Individual managers believed internal and classified documents should be under their control at all times. They also felt quality levels would decline. Agencies are not obligated to join a CASU even if they participated in the feasibility studies.

"No two cooperative units are the same," says GSA's Sabatini. "And that's the real beauty of it. The attraction is they can be tailored to the specific needs of Tenant Board members."

Beauty is in the eye of the beholder, and OMB likes the potential savings. Of the 70,000 support jobs nationwide, 8,000 are located in multi-tenant buildings. The Budget Office says as many as 1,000 positions might be eliminated without RIFs.

Council policy is to eliminate positions through normal attrition.

"The number of employees needed to operate consolidated units is less than the number needed for decentralized operations," says a report to the Council, "so provision will be made to absorb or reassign excess employees."

One way to encourage CASU activity is to permit agencies to retain excess funding associated with co-op savings. What are the long-term effects on an agency's personnel ceiling? "That's still unresolved," says one Council spokesperson. "Whether OMB will want to capture those savings in the out years, or continue letting agencies use such funds elsewhere is a decision which will be settled by a National CASU Board of Directors."

Back at headquarters

Co-ops also are sweeping through Washington offices, and when they reach the national level, shared services naturally take on a larger dimension. Consolidation of an entire commission's or department's administrative activities with those of a more efficient neighbor is becoming the new standard.

Federal Maritime Commission is now merging most of its administrative processing responsibilities with those of the Federal Home Loan

Spirited Revenuers Boost Treasury Collections

By Michael W. Orenstein

It could be pure tribute to our economic good times, but revenue collection procedures used with two luxury tax items—alcohol and tobacco products—will boost an extra \$8 million into Uncle Sam's coffers this year.

Consumption of these products are near peak levels, much to the glee of manufacturers. And as companies' sales improve, so, too, do the fortunes of the Bureau of Alcohol, Tobacco and Firearms (BATF). Officials charged with collecting excise taxes are looking good these days because they successfully installed a sophisticated electronic payment system to collect BATF's bounty. A projected \$9.1 billion in speedier excise tax deposits during its first year is yielding additional interest earnings of \$8 million.

Facing a Deficit Reduction Act mandate requiring government to use some form of Electronic Funds Transfer (EFT) to collect revenues, agency officials had to find a system to meet their needs. Companies liable for \$5 million or more in excise taxes during the previous calendar year are affected by the mandate.

Officials tapped the Federal Reserve Communications System (FEDWIRE) to handle their collections. Today, 189 manufacturers make semi-monthly FEDWIRE deposits into Treasury's Federal Reserve Bank (FRB) account.

Computer hardware to facilitate the link up between BATF and the tax-paying firms already was in place. Payment procedures were to be the biggest change for the companies which now are required to send electronic payment transfers from their local financial institutions. One economic advantage enjoyed by these firms over the years has been lost. Companies are grimacing at losing their "float" (the time between mailing the check and debiting the firm's bank account). Instead, tax payments are deposited into FRB within

minutes of sending the electronic payment message.

Although they have fulfilled legislatively mandated requirements for an EFT system, BATF officials aren't resting on their laurels. Instead, they are searching for a better system. At the time of BATF's switch to EFT in October 1984, FEDWIRE was state-of-the-art for their technical capabilities. This may no longer be the case, and officials are studying a possibly better alternative EFT procedure called Automated Clearinghouse.

Harriett Bobo, chief of BATF's Procedures Branch, clearly enjoys having the luxury of choice. "We will insist on using the system which maximizes our managerial effectiveness while bringing efficient, low-cost service to taxpayers. And because EFT technology is advancing rapidly, there will be some options to consider. This is to our advantage," says Bobo.

FEDWIRE's speed impresses BATF execs. "We can receive acknowledgement that payments have been deposited into our FRB account within hours of the originating transaction," says ATF Specialist Manfred Roesler. "Interest savings begin much earlier because there are no mail delays or hitches as in manual check depositing."

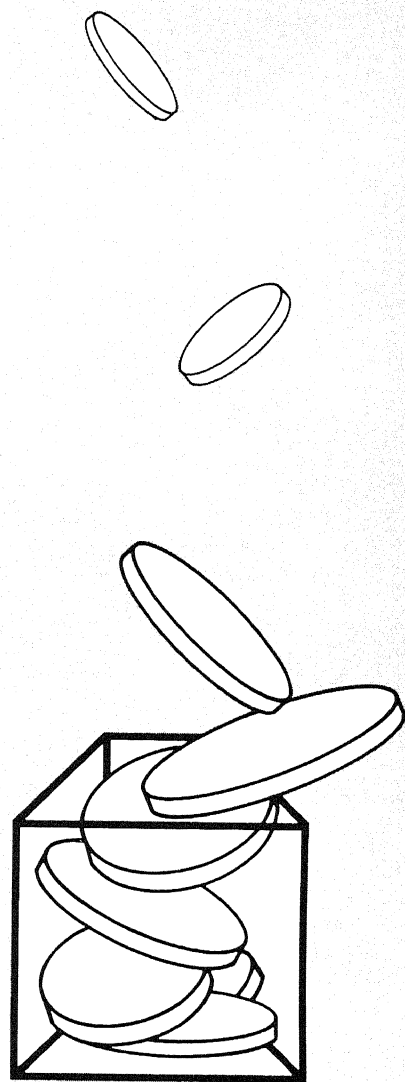
But Automated Clearinghouse's wooing of BATF officials is enhanced because of its solid reputation for handling direct deposit of payroll checks. Additionally, the support it receives from 30 processing centers across the country, as well as from a National Automated Clearinghouse Association, indicates a commitment to customer service. The Clearinghouse offers the same service as FEDWIRE, but at a \$2 to \$3 price tag per transmission. FEDWIRE's fee, on the other hand, can range from \$15 to \$20 for each transmission.

Why the difference in cost? The Clearinghouse batches the payment messages of several customers onto a

single transmission, proportionately lowering costs. FEDWIRE has only a single customer-transmission capability.

Clearinghouse payment records also are more succinct and easier for BATF auditors to retrieve. Should BATF auditors need to examine excise tax payment histories, Internal Revenue Service (which maintains this information) manually must delete FEDWIRE's non-BATF business from the payment records in order to comply with privacy standards. Clearinghouse records, on the other hand, are segmented by topic.

It seems BATF administrators are in a "win/win" situation either way they go. Though officials say it's too early to predict which system their excise tax collections will use in the future, they clearly enjoy operating a model system which promises continuing interest savings. ■



Bank Board. Securities and Exchange Commission offers a widely admired accounting and payroll package which has attracted clients such as Federal Mediation and Conciliation Service. Example after example of successful consolidation agreements are surfacing, prompting many Washington observers to ask why this wasn't attempted earlier.

As the program has accelerated, the Budget Office has changed the ways in which its analysts broach the topic of shared-servicing with agency reps.

"Previously," says one analyst, "OMB tended to dictate where agencies should go for admin services. That's no longer our tactic. Now, as part of the annual 'management reviews,' we say things like: 'Your payroll system costs a dollar-a-head. Two other departments offer systems which cost 50 cents per employee. A dollar's too much. Shop around and find a more efficient payroll service.'"

Consolidation centers

PCMI encourages agencies with fewer than 6,000 employees to link-up with other departments and create multi-agency facilities. Says Miller, "It's a waste of the taxpayer's dollar to spend one dime more for administrative support than absolutely necessary. At the very least, Washington executives should examine their own operations and be certain the process of spending doesn't cost more than what is being bought, delivered or serviced."

Big-scale consolidations often involve automation, and automation often requires investment dollars.

The Budget Office stipulates that 10 percent of the automation costs be

recovered each year over the life of the system. And it doesn't hurt a manager's case if most of the savings can be captured within the current budget cycle. (OMB and Congress approve four-year budget cycles.)

"There's an interesting story on how we devised that 10 percent stipulation," says Wright.

"One agency—which shall go nameless—wanted about \$170 million to automate a distribution process out in the field. We asked about savings and they came back with zilch. We asked them to come back again. Again, they came back with no savings. On try numero three, they produced only a 12-position savings over five years—on their \$170 million investment. Imagine you are in the private sector telling your budget committee you want to spend almost \$200 million for an 'improvement' which won't make one whit's difference to your clients, but would make distribution processing easier for staff.

"Consolidations ought to show some savings, somewhere. Clearly, Reform '88 needed ground rules. There's no reason why federal government can't meet roughly the same standards met by corporations. I went before the Council and we settled on the 10 percent figure," says Wright.

Wright points out that Reform '88 is not a euphemism for consolidation. Managers are to share services and modernize facilities in order to save money, not to appear modern or ease operations.

Washington management specialist Arlene Triplett believes the number of government administrative operations is vastly out of

sync with actual agency needs?

"The Weather Service, for example, has approximately the same structure today they had 20 or 30 years ago," she says. "And Department of Agriculture sometimes has three and four offices within the same town of 5,000 people, then 10 miles down the road they've duplicated the offices again.

"When we were in horse-and-buggy days, that may have been appropriate. But 50 years of automation progress and billions of dollars worth of interstate highways later, it's probably not worth the taxpayer's money to maintain duplicate offices. And if you ask a farmer whether or not the 10-mile drive makes much difference, he probably would say it doesn't."

Wright says that nationwide, the big sleeper issue involves the 10 federal regions themselves. "They were just marked out with dotted lines across the U.S., and they have little or no relationship to what really is needed to deliver services to the American people.

"What they've become," he says, "are political boundaries. Does that make good management sense? In many cases, the answer has to be no.

"Now, Reform '88 has given agencies the flexibility to decide which offices they really need from the standpoint of improved delivery for lower cost. We've suggested that if a manager can't 'politically' close an office, then downgrade it. Downgrading is more than a p.r. phrase—it means you face less administrative support and lower costs."

Wright gives most of the credit for the reform program's achievements to President Reagan. "We could not have had better direction. He made Reform '88 a top priority. This President came in to make a change for the better and that's what we are doing.

"Government is going to always be with us, but at least it can be cost effective," concludes Wright. "Let's slowly start improving our shops to a point where we can be much more efficient than we've been." ■

Contributing to this article:
Michael Orenstein, Steve Tupper
and Tierney Bates.

Hounds of reform

*As near to Reagan convictions as the hunt
for "waste, fraud and abuse," yet ayont
of Grace's fine chase.*

*Pursuing like hounds and as cunning as
inspectors generals, but administrators,
managers by nature, gumshoes and
barristers not a one.*

*And kindred to kinds who would cap budget-busting
entitlements, but barely partisan, if at all.*

Hot in pursuit of change, the hounds of Reform '88.



Are Regulators Accountable?

By Stephen L. Atlas

An unprecedented lawsuit packaged to reach the Supreme Court could dramatically alter program management in 14 independent regulatory agencies.

At issue are the ways in which officials at agencies such as Federal Trade Commission (FTC) manage enforcement priorities.

Attorneys Larry Simms and Theodore Olson argue that FTC members are constitutionally required to report to the President. Their client is Ticor Title Insurance Company of Los Angeles, CA.

Says Federal District Judge Thomas Hogan, "Were the court to exercise jurisdiction over this case, the operations of FTC would be suspended." Although Hogan has remanded the case to FTC for additional administrative review, he says Olson and Simms have raised "an issue of considerable public importance. The constitutionality of independent federal agencies has never been fully adjudicated."

The two attorneys have an impressive track record. Last year, while working for William French Smith at Department of Justice, they were instrumental in the Supreme Court's decision to declare single-house congressional vetoes unconstitutional.

In his current case, Simms argues many federal managers are required to operate within a system of "im-

perial regulatory agencies" where a handful of commissioners issue policies independent of presidential control.

Such policy makers are accountable only to themselves, says Simms, because they cannot be fired. "For example, a majority of members on a commission may make a decision with which Congress, the President, the Attorney General, the public and a minority of agency commissioners all disagree. Short of time-consuming and expensive court challenges, however, there are no ways to appeal such decisions beyond the agency's own procedures. Congress, which creates independent agencies, only can threaten to withhold funding or pass a law dealing with each situation."

Simms believes any agency head should be subject to dismissal by the President. "Unlike those agency commissioners," he adds, "President Reagan is held accountable to the public." If his case is successful, he says individuals and businesses would be able to appeal executive agency decisions to the White House, "as was the original intent."

Lack of consistency is another problem, he tells *Management*. In some cases, both an independent and an executive agency hold enforcement authority over the same

area. If both claim power in a particular case, citizens or businesses often are uncertain which body has jurisdiction.

Such overlapping authorities and duplicative federal operations may be scrutinized under future Gramm-Rudman budget proposals.

Washington's attention has been "focused marvelously" on all issues involving wasteful federal expenditures. "Shouldn't the President determine priorities and set out an overall plan for making the best use of increasingly limited government resources?" asks Simms. "The Constitution never intended for agencies to set their own priorities, independent of an administration's budget or policy."

Journalist Tom Diaz, who covers Supreme Court cases and federal management issues, believes government employees would benefit if independent agencies were accountable to the President. "Too often," Diaz tells *Management*, "the public has an unfairly negative image of federal workers when, in fact, only a few federal regulators have been excessively zealous. If the President was responsible for such enforcement activities, Americans would know who to praise or blame for a particular decision. This could result in a dramatic improvement in the public image of federal employees." ■

In Brief

"By Invitation" Negotiation

By Richard A. Ong

Organized labor and agency managers are squaring off in the Supreme Court over management's right not to invite labor to the negotiating table during sensitive contracting out planning sessions.

The High Court will review a decision of the Federal Labor Relations Authority (FLRA) requiring the Equal Employment Opportunity Commission (EEOC) to bargain with a federal employe union over contracting out. Congress expressly excluded unions from management's handling of matters such as the right to make determinations with respect to contracting.

The case involves the agency's compliance with contracting out procedures which are prescribed in Office of Management and Budget (OMB) Circular A-76. FLRA has ruled EEOC's compliance with OMB's Circular A-76 was bargainable and subject to grievance and arbitration proceedings. The U.S. Court of Appeals for the District of Columbia has upheld FLRA's decision.

The net effect of the lower court's ruling would be to seriously impair government efficiency and economizing measures. In his dissent to the decision by the Court of Appeals, Senior Judge George MacKinnon feared the majority's decision would create an "extraordinary potential for vexatious litigation" and afford unions "a fertile source of weapons for obstructing and delaying contracting out decisions, a situation Congress specifically sought to prevent."

The Supreme Court's decision on the controversial subject will be reported in this column. ■

Supervisors Upheld in Performance Cases

By Steven E. Abow

Federal managers, fearing judicial intervention, needn't look over their shoulders when preparing performance-based adverse actions to downgrade or remove ineffective employees.

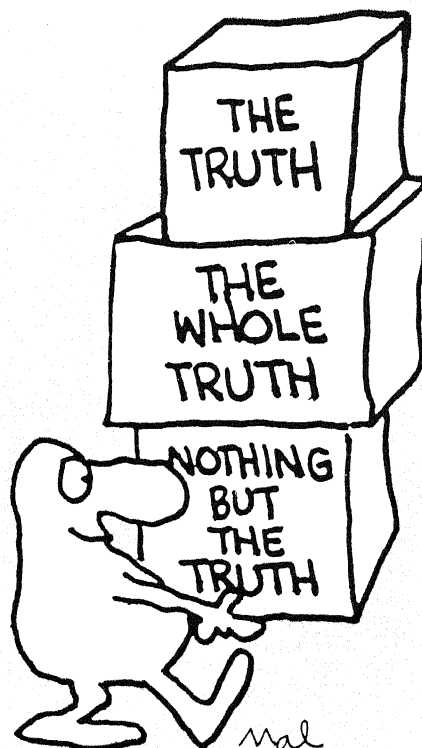
Fear of being second-guessed frequently discourages managers from cutting dead wood from their shops. However, a decision by the United States Court of Appeals for the Federal Circuit (*Lisiecki v. Federal Home Loan Bank Board*) has allayed such concerns. The court says neither the Merit Systems Protection Board (MSPB), nor other courts has authority under the Civil Service Reform Act to lessen or alter agency-imposed penalties. Such interference, says the court, would obstruct management from "furthering their agency's statutory mission" and give judicial second-guessers "management

prerogatives not intended" by Congress.

Under the Act, a manager need only establish "substantial evidence" of unsatisfactory performance by an employe in a critical element in order to demote or fire a poor performer. In the past, agencies were required to demonstrate—by a preponderance of evidence—that the action was taken to "promote the efficiency of the service." The "efficiency" requirement had been interpreted to mean MSPB was empowered to review—and even modify—supervisor-imposed penalties.

Lisiecki confirms that Congress did not intend to strap supervisors with due process restrictions when taking actions against incompetents.

The court's message: Management's performance-based adverse actions will be sustained and penalties will be imposed—including removals—as more and more supervisors seriously use performance appraisal processes to improve productivity in their operations. ■



Cont. from pg. 8

on-line access offered to client agencies. Spurred on by recent cooperative agreements, New Orleans has upgraded its data processing from "semi-computerized/semi-paper intensive" to an entirely electronic status. Today, personnel officials in participating federal offices anywhere in the nation can use their computer terminals to input time/attendance data, update and correct personnel information and make inquiries into the status of transactions maintained at NFC. Says Franke, "Even NFC no longer batches paper reports and mails them to our Ag personnelists for 'manual' review. And our upgrade costs are covered—almost totally—by savings we've achieved for our

In Brief

Clearance — An Agency Choice

By Joseph A. Morris and Carrol H. Kinsey, Jr.

In what's being hailed as a critical victory for national security, Merit Systems Protection Board (MSPB) has reaffirmed the sole authority of managers in executive branch agencies to grant or revoke security clearances of federal employees.

The recent MSPB decision is ironic because the Board reverses its own determination that it has authority to review challenges to agencies' security clearance decisions. The lead case is expected to have an immediate and favorable impact on security clearance program administration which already is burdened by organized efforts to limit discretionary actions of federal officials.

U.S. Office of Personnel Management (OPM) and nine other federal agencies advised the Board that harmful delays and potentially serious lapses might result if MSPB's review authority was extended and the Board was to begin judicial second guessing agencies' decisions. Department of Defense, the employing agency in all test cases, filed a brief concurring with OPM's position.

In the lead case, *Egan v. Department of Navy*, the Board held "underlying national security considerations... involve such a degree of sensitivity (that MSPB) has no authority to review the agency's stated reasons for the security clearance determination." MSPB wisely has restricted its review to determining only whether an agency has established minimal due process protections for adversely affected employees, such as notifying applicants of its determinations and providing them the opportunity to respond.

For two decades, federal procedures have grown increasingly lax in the handling of personnel matters involving national security considerations. At issue have been questions about the continued intrusion of cumbersome review processes which are used to frustrate efforts by agency executives to limit access to national security information.

Under no circumstances will the Board now question the reasons used by an agency to support its determination to revoke or deny an employee's clearance. However, where

the Board finds a failure to respect an employee's right to due process, MSPB's remedial power can direct the agency to review its determination. Under these limited authorities, the Board also may order the agency to restore an employee to a pay status, but it may not order the agency to issue or restore a security clearance.

Most important, MSPB boldly overrules its controversial decision in *Bogdanowicz v. Department of Army*. The Board clearly rejects the holding of the U.S. Court of Appeals for the District of Columbia Circuit in *Hoska v. Department of Army*. The *Hoska* decision, say Board members, is not binding upon MSPB because the Court of Appeals for the Federal Circuit, not for the District of Columbia Circuit, now has exclusive review authority over Board decisions.

Tendencies to over-judicialize government administration are being challenged on several fronts. An important start has been made in these recent cases involving the federal personnel system. ■

own department. The additional savings are pure gravy for Uncle Sam."

Another high-tech feature offered by NFC is computerized personnel tracking. Management data on incentive awards, labor management relations, compensation, performance appraisals, employee benefits and merit pay are recorded for quick access. Says Golden, "We'll soon be doing the kinds of management comparisons and providing statistical services which currently are associated with the best private sector firms. We are building a system which should last well into the future."

The ability to compare personnel activities of different departmental components is a very important fea-

ture of the New Orleans package. "For example, if management wants to know how many senior executives have been in their positions for five years or more," says Elizabeth Stroud, personnel officer at Bureau of Standards, "they can obtain the information almost instantly from our integrated data base."

Back to the future

"Only four years ago, our department was in the informational Ice Age," says Alan Balutis, Commerce's Project Manager for the conversion. "We had eight different accounting systems, 28 payment centers and 24 personnel offices. Every time we tried to get specific information for the Secretary, OMB or OPM, we

faced a patchwork job. Of course, they seldom matched up, so we spent a lot of time 'discussing' data inconsistencies. Each organization had cuff records (its own system) because officials didn't trust make-shift figures appearing in agency-wide reports."

Bulow says her agency is enjoying personnel services at better-and-better prices. "We're helping Ag by offsetting their operating costs. And in the future, economies of scale will be realized as other agencies sign onto NFC. But more important, our partnership has produced a superior administrative system which sets a course for the 21st century." ■

Management is pleased to spotlight suggestions for the office which have been developed by federal employees. These suggestions have been identified by the Office of Personnel Management's Incentive Awards Branch and have appeared in the newsletter, *Incentive Awards Notes*.

A patent for a computer table design has been granted to three employees of the National Security Agency. Jo Ann Cunningham, Cathy Gilliss and Patti Gorzo tell **Management** they were tired of stacking computer printouts on ill-fitting desk tops and inverted trash cans. "We needed something to house a computer terminal, its keyboard, the printer and a paper tray," says Cunningham.

An easy guide for time-keepers

ington, an Air Force civilian officer in Colorado Springs, designed a single "Authorization and Leave Table" which divides employees into 14 categories. Bunting's chart precisely displays categories of eligibility for leave and premium pay. A busy timekeeper can match an employee's category with the appropriate time and/or leave category and determine if the employee qualifies for a particular type of leave or pay.

Personnel officers typically receive many pay and leave inquiries regarding government holidays from tem-

JoAnn Cunningham, Cathy Gilliss and Patti Gorzo stand by their patented computer table design

OPM's Office of Performance Management reviews numerous suggestions involving potential government-wide

application in the "Idea Exchange" section of its bi-monthly newsletter, Incentive Awards Notes. For more information about these suggestions, or to submit an idea or item which has been approved for use by a federal agency, contact the Incentive Awards Branch, Office of Performance Management, Office of Personnel Management, 7H39, Washington, DC, 20415.

Prepared by Stephen L. Atlas

[illegible]

Reactions... Rebuttals... Retorts

"I'm Bullish on Management. . ."



White House Chief of Staff Donald T. Regan's statement in the most recent edition of **Management** is 'required reading.'

New York Times

I very much enjoyed **Management's** latest issue and your 'In A Word' column. Thank you for including my quote on smoothing the way for innovation.

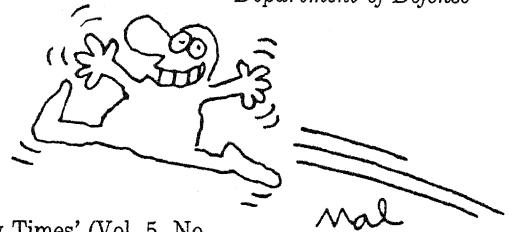
L. W. Lehr
Chairman of the Board
3M

The article on A-76 competition (Vol. 5, No. 3) was way off the mark in advising managers not to become cheerleaders for an in-house victory. Managers should establish a winning spirit. Remove the red tape that stifles workers' innovation and coach them toward a victory. Managers are part of the team too, and I hate to be on a losing team.

Douglas Farbrother
Department of Defense

You have one lively magazine. Best of luck to **Management**.

William A. Rusher
National Review



'Ms. Management' offers a very good suggestion to supervisor 'Harey Times' (Vol. 5, No. 2) on preparing an individual development plan to up-grade the secretary's skills. But this situation is a two-headed monster: 'Harey Times' must take control of Clara before Clara takes control of her supervisor. A problem of this sort cannot be solved if there is timidity on the part of the supervisor.

Carol F. Purvis
Washington School for
Secretaries

If **Management** represents the new wave of managerial reform, then please don't picture leading 'movers and shakers' engaged in their repugnant addictions to smoking cigars (Vol. 5 No. 2). Grace Hopper's article is even worse. It mentions a brand-name cigarette three times. A regular column on health would be most beneficial. I'm a charter subscriber.

Donald A. Kimball
Leesburg, VA



I wish I could agree with Ms. Management's advice to 'Side Show' (Vol. 5, No. 3). Sure, one way to screen out incompetent self-certified typists is to give a performance test but your personnel office is likely to remind you that OPM gave up performance testing because it's a royal pain. However, your advice to obtain a sample of the applicant's work was positive. Any manager who doesn't obtain a typing sample ought to have his/her head examined.

Victor Commisso
New York, NY

I enjoyed your latest edition of **Management** magazine, especially its two references to Britain in the 'Worldly Ways' column. They are two interesting recent developments.

R. A. Burns
Counsellor (Information)
British Embassy
Washington DC

DOER'S PROFILE

A thirst for accomplishment—



JANET L. NORWOOD

Commissioner, Bureau of Labor Statistics

"Good managers must reach out and take risks in order to improve the work done in government. At the Bureau of Labor Statistics, for example, we measure changing economic and social conditions. In a world of declining budgets, we must find ways to do more with the resources we have.

"Resistance to change characterizes any bureaucracy. Statistical agencies tend to resist changing their methods and data series. My job as the head of BLS is to challenge that resistance, raise new issues and continually seek more sophisticated approaches to our mission. I am proud of the changes we have brought about at BLS in using new technology to hold down costs, and in improving overall efficiency.

"Some of the mechanisms needed to get and retain talented people in government are in place, but much more needs to be done. We must stop denigrating the work of federal employees and encourage

our best young people to pursue careers in government. The inflexibility of our personnel structure—and the growing lack of competitiveness with the private sector at some grade levels—causes serious problems for effective management.

"Government managers should be held accountable for the work under their jurisdiction but they also should have greater flexibility in the handling of personnel resources to achieve efficient results.

"As for my personal life, I have an extremely supportive husband who also is an economist. I also am very proud of my two sons, their wives and my delightful two-year-old granddaughter. We have a home on a lake in Liberty, Maine, where we go to soak up the quiet and to think and read."



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